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NEWS SUMMARY

GENERAL

Munich bomb blamed on Right

Right-wing German terrorists are believed responsible for the bomb explosion which killed 12 people in Munich on Friday and injured more than 200.

The blast hit revellers at the city's Oktoberfest beer festival. One of the people killed, named as Herr Gundolf Koehler, is believed by police to have planted the bomb.

With only days before the election, the outrage has become a delicate political issue. Chancellor Helmut Schmidt has urged that it should not influence voters, but his opponent, Herr Franz Josef Strauss, Bavarian state premier, has accused the Interior Minister of creating a climate favourable to atrocities. Back Page: No threat, Page 3

Labour violence

The Labour Party's National Executive Committee and the trade unions patched up disagreements over funds at a meeting held to avert a clash at the Party conference. Page 6

Gang of Ten

China's "Gang of Four" will be tried with six supporters of former Defence Minister Lin Biao. Charges will include plotting to murder Chairman Mao. Page 3

Boxing violence

Sport Minister Hector Monro has asked for a report from the British Board of Boxing Control on the "disgraceful" bottle-throwing by crowds after Alan Minter lost his world middle-weight title in London.

Poles may strike

Gdansk Free Trade Union threatened a one-hour strike in north Poland next Friday in protest against Government failure to fulfil pay rise agreements. Page 3

Help for needy

The Mormon Church is encouraging members not to draw the dole, and plans a self-help scheme with farms to grow food for the needy.

Shah claim denied

BBC denied claims in the late Shah of Iran's autobiography that it made "virulent attacks" on his regime as part of a united media campaign against him.

Salisbury deaths

Violence flared in a white suburb of Salisbury for the first time since independence. A grenade and rifle attack on a bar killed two Africans and injured 25. Page 3

Dissident freed

Czechoslovak dissident Otta Bednarova, serving a three-year sentence for subversion, has been released after a year for health reasons. She has chronic hepatitis.

Bitter harvest

The Bishop of Warrington criticised the "massive sentimentality" of harvest hymns and the "preoccupation with horticulture" in yesterday's harvest festivals.

Footnote

The average Briton owns seven pairs of shoes, boots or slippers and buys three pairs a year, a survey showed. Many Londoners have more than 15 pairs.

Briefly . . .

Fog caused thousands of passengers to be diverted from Heathrow Airport.

Premium bond 1SK 058871, Stoke on Trent, won £100,000, and 13PK 557097, Cambridge, won £50,000.

BUSINESS

West will fight move to revise IMF role

● MAIN INDUSTRIAL nations at the annual meeting of the International Monetary Fund and World Bank in Washington are reluctant to meet demands by developing nations for expansion of resources and reform of the monetary system. But the meeting is expected to make more credit available on slightly easier terms. Back Page

● SAUDI ARABIA has signed a contract with Royal Dutch Shell worth SR 10bn (£1.26bn) for part of a petrochemical complex at Jubail on the Gulf coast. Back Page

● MANUFACTURING companies have sharply increased their bank borrowing during the summer in a bid to weather the financial squeeze due to recession, but the underlying growth of bank lending appears to have fallen slightly. Page 4

● COMPANY LIQUIDATIONS are running at a rate over 50 per cent higher than last year, a specialist report discloses. In the first 39 weeks of 1980, there were 564 compulsory liquidations against 215 previously and in the third quarter the number was up nearly 90 per cent. Page 14

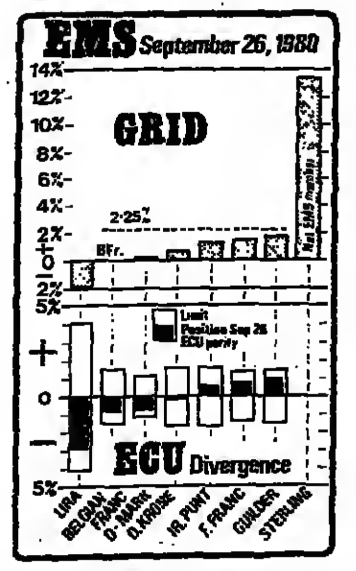
● FT GROCERY Prices Index fell 0.8 per cent in September due to declining prices of fresh fruit and vegetables while other items remained stable. Page 4

● PORT OF LONDON Authority is seeking to eliminate another 650 jobs this year as a result of expected losses of £15m Page 6

● RODCO, owned by General Electric and Pirelli, plans to build a continuous casting copper rod mill at Skelmersdale on Merseyside to open in 1982 Page 14

● SEATRAIN LINES Atlantic container service moved into the red with a fourth quarter loss of $32.4m (£13.5m) against a previous profit of $514,000. Page 20

● DUTCH GUILDER remained at the top of the European Monetary System last week, followed by the French franc and the Irish punt. The franc maintained its position on high domestic interest rates as the French authorities acted to protect the franc from the effects of rising inflation and poor trade performance. The Danish krone was steady for most of the week, while the D-mark was placed close to the bottom of the system with the Belgian franc. The latter showed little reaction to the easing of some domestic interest rates, while the Italian lire remained the weakest currency, edging slowly towards its maximum permitted divergence.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

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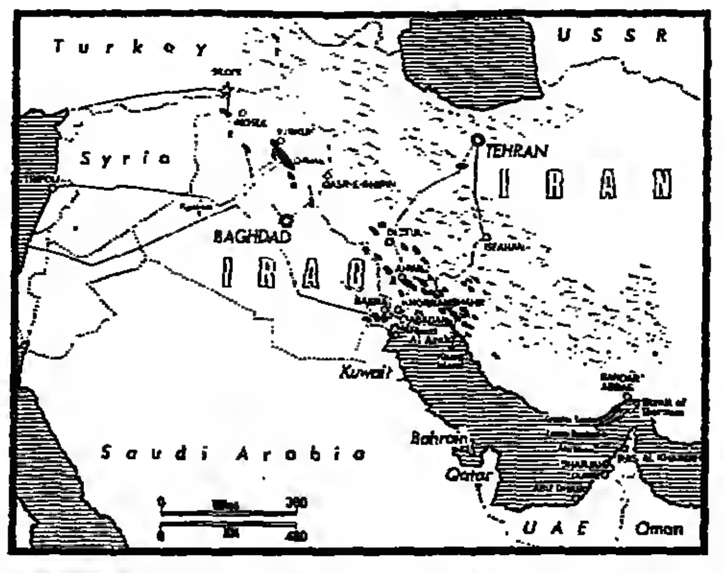
Iraqi air build-up brings fear of thrust on Hormuz

BY SIMON HENDERSON IN BAHRAIN AND DAVID BUCHAN IN WASHINGTON

IRAQ IS building up its air strength in the southern end of the Gulf. Western diplomats fear that it could be preparing for an early attempt to seize the disputed islands near the strategic Straight of Hormuz at the mouth of the Gulf.



The movement of the aircraft, including at least one transport plane and several French-made Super Frelon troop-carrying helicopters, has been made with the tacit, if not active approval, of the lower Gulf states. According to diplomats, two of the helicopters passed through Bahrain on Friday, but it is not clear if they were heading for Oman or the United Arab Emirates (UAE). Several more went through at the end of last week.

But these troop movements may be for another purpose. However, an Iraqi attack on islands would be regarded by Iran as a major escalation of the war.

Sheikh Saqr bin-Mohammad, ruler of the northernmost Emirate in the UAE of Ras al-Khaimah, which controlled two of the islands known as the Tumbs until they were seized by the Shah in 1971, paid a secret visit to Iraq last week. Last Saturday, the Iranian joint chiefs of staff said: "There is evidence that some southern sheikhdoms in the southern Gulf give refuge to Iraqi forces," and warned that, if this continued, Iran would react in whatever way it deemed necessary.

An American official confirmed in Washington yesterday that there had been considerable Iraqi air movements over much of the Gulf in recent days. He "would not discount" reports that Iraq was preparing an assault on the Iranian-held islands of Abu Musa and the greater and lesser Tumbs, although Washington had no official confirmation to offer.

Iraq has always insisted on the return of the islands to Arab sovereignty. Their takeover by the Shah was considered a major blow to Arab pride, and they have become an issue in Arab politics ever since.

An attack on the islands would benefit Iraq by opening up another front against Iran and perhaps forcing the Arab oil states on the western side of the Gulf, notably Saudi Arabia, to move closer to Iraq on a pan-Arab issue.

Zia truce bid has failed, says Iran

BY ROGER MATTHEWS

THE Iraqi Army pushed deeper into Iran yesterday. It claimed to have captured the city of Ahwaz, though this was denied by Iran. Further north it was moving towards the strategic town of Dezful with its large air base some 40 miles from the border.

These territorial claims appear not to be weakening Iran's determination to keep fighting.

General Zia Ul-Haq of Pakistan left Tehran last night without his Islamic goodwill mission having made progress towards conciliation. "Iran is still in a revolutionary stage when conciliation and mediation do not work," he said before leaving for Baghdad.

An aide of President Bani-Sadr commented on General Zia's visit: "He achieved nothing. It was nice of him to come, but we are going to fight on until the last Iraqi soldier is off Iranian soil."

Control of Ahwaz and Dezful would, however, allow Iraq virtually to cut off all oil supplies from Khuzestan province, but according to some Western assessments would not immediately damage Iraq's ability to continue the war.

Although seizure of the oil pipeline system around Dezful would halt supplies of aviation fuel for the Iranian airforce there are believed to be sufficient reserves at Tehran and other bases to keep fighter aircraft flying for at least another week.

Mr. Saddoun Hammadi, Iraq's Foreign Minister, insisted that his country now controlled all pipeline facilities in Khuzestan. He said that Iraq did not want to occupy Khuzestan, which has a significant Arab population. "All we want is for Iran to respect our frontier and our territorial integrity."

Iraq had three main demands, he added. They were the return of about 155 square miles of "usurped" territory, full Iraqi control of the Shatt al-Arab waterway, and Iranian agreement not to interfere in internal Iraqi affairs. Once Tehran agreed to those three points the government in Baghdad would be ready to negotiate a cease-fire.

Mr. Hammadi made no direct reference to the three disputed islands at the mouth of the Gulf—the Greater and Less Tumbs and Abu Musa—which Iraq has said in the past must be returned to Arab control. Iraq would find it difficult militarily to seize and hold the islands without the assistance

Continued on Back Page

Labour manifesto may back EEC withdrawal

BY RICHARD EVANS

TOTAL withdrawal from the Common Market is likely to be a central plank in Labour's next general election manifesto.

The resolution to be put to this week's Labour Party Conference in Blackpool is the most critical in the long term for the unity of the party.

Its adoption, which looks increasingly likely with backing from the engineers as well as the transport workers, could eventually be the final straw for Mrs. Shirley Williams, Dr. David Owen, and other leading pro-Marketeers.

The bitter resolution, down for debate on Wednesday, complains that the trading position of the UK with the rest of the Community has worsened in every respect, and calls for Britain to disengage from all EEC institutions.

The signs that the Labour Party is escalating towards withdrawing drew a dramatic threat from Mrs. Shirley Williams that she would be forced to quit the party, should this finally happen.

"I would say this is such a long step away from internationalism that I do not believe I could stay in the Labour Party," she declared on Independent Television's Weekend World.

Her warning drew immediate protests of blackmail from anti-Marketeers, and it could severely embarrass fellow pro-Marketeers who are not anxious to commit themselves so far in advance of an election manifesto.

There is little doubt, however, that, should such a charismatic figure as Mrs. Williams leave the party, it could be the catalyst for other leading moderates and Right-wing party workers to break away.

Dr. David Owen, another leading pro-Marketeer, protested in a fringe meeting at Blackpool that "word-by-word, line-by-line" the party was being led to a position of outright rejection of Community membership.

He complained that the Left had never accepted the 1975 referendum, even though it was they who had pressed for it. "They now wish to force the pace on an issue which they know is deeply divisive within the party, and to put withdrawal into the manifesto."

In his view, to decide to withdraw from the Community now was totally irresponsible. "To spend the next four years preparing to get out of the Community, in the hope that we will win the election is about the most negative, backward-looking posture that a major political party could possibly choose to saddle itself with."

Behind the week's debates will loom the issue of the party leadership; when Mr. Callaghan intends to retire and who is to succeed. All decisions will have to be assessed in that light.

The indications are that Mr. Callaghan has still not finally made up his mind, but he will probably announce his imminent departure to Labour MPs when Parliament returns at the end of October.

Of the probable leadership contenders, Mr. John Silkin has already spoken strongly for EEC withdrawal, and Mr. Peter Shore, Shadow Foreign Secretary, last night advocated the repeal of Common Market accession legislation in order to restore supremacy to Westminster.

"All else will follow from this act. We shall no longer be supplicants and demanders, we shall be equals. We shall be starting out on a new and very different path which may well lead to Britain's withdrawal from the EEC.

"We have, indeed, the right to secede, but we must have, and be seen to have, the will to exercise that right, should it prove to be necessary."

So, Mr. Shore, although cautious, was seen in Blackpool as moving towards a stance of eventual withdrawal, provided it was done by careful legislative processes and not unilaterally.

The other potentially divisive

Continued on Back Page

Row between Eurocheque and Visa may lead to court action

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE LONG-RUNNING rivalry between Visa and Eurocheque, two of the world's leading international retail banking organisations, has become a bitter dispute which could result in Visa taking court action against Eurocheque.

The dispute is already splitting the European banking community, with a number of the leading banks which are members of each of the organisations taking up strong positions.

Visa, with its credit/debit plastic payment card and traveller's cheque, originated in the U.S. and has 12,500 members in more than 150 countries. Its British member is Barclays Bank.

Eurocheque is the result of an initiative by West Germany's Deutsche Bank, strongly supported by banks in a number of other European countries, and particularly those in Holland and Belgium.

It has three payment systems, including the uniform Eurocheque, the Eurocard, and the new Euro Traveller's Cheque, which is based on that already issued by Thomas Cook.

Competition between the two organisations has taken a new turn in the past month, which it has emerged that a leading Dutch savings bank, Centrum Bank, has been advised not to go ahead with its planned Visa membership by the Dutch central bank.

In another incident, Visa member banks claim that pressure was applied to prevent a travel card deal between Visa and Lufthansa, the West German national airline, going through.

The first indication that Visa is to take a much tougher line in what it claims are the anti-competitive practices of Eurocheque and its member banks came at the recent annual meeting of Visa International in Quebec City. Here Mr. Dee Hock, the Visa president, told member banks that it was time to deal with "the decade long unsuccessful attempt by the Eurocheque interests to thwart the European growth of Visa."

Mr. Hock charged that prospective Visa members, and "even newly-announced members" are subjected to economic and political pressure by some European banks, central banks and banking associations to honour "understandings" and "unwritten agreements" to deal exclusively with Eurocheque products.

Visa is particularly concerned about the power and influence of Dr. Eckart Van Hooven, head of retail banking at Deutsche Bank, in the Eurocheque payment systems group.

Dr. Van Hooven is strongly opposed to the Visa concept of mass credit cards. He said last week that they could be used to draw away profitable customer credit business from banks. They could also fuel inflation and damage a nation's balance of payments position, he said.

Dr. Van Hooven said yesterday that Visa and its president were getting matters out of proportion. "I favour competition, and the German private banks know more about that than those in many other countries," he said.

There were special dangers in allowing cards to be issued by non-banks, which lacked banking expertise.

WRESTLING WITH RECESSION

Is British industry being squeezed to death by the Government's policies so that manufacturers will not be able to respond quickly enough when the recession ends? Or will companies emerge leaner and better equipped to compete internationally? The Financial Times today starts a series of articles on individual companies' problems in coping with the recession.

JOHNSON AND FIRTH BROWN

"We shall only know in retrospect whether we approve of Government's policies," says Mr. Philip Ling, general manager of Johnson and Firth Brown, the subject of today's article on Page 12. "It's like having an operation without an anaesthetic. If it saves your life you will be grateful later, but while its going on you scream like hell."

COSSIGA'S GOVERNMENT FALLS

Italy raises bank rate to protect lira

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government last night lifted the bank rate to 16.5 per cent from the previous 15 per cent, in a first move to repair the country's shattered economic policy and protect the lira, following Saturday's resignation of the 178-day-old administration of Sig. Francesco Cossiga.

The single-vote Parliamentary defeat which unseated the Government also left Italy's economic strategy in ruins by throwing out the major stabilisation package launched last July. At the same time fears were mounting over a severe attack on the already weak lira when exchange markets reopen today.

Key sectors

Although a political crisis has been looming, the fall of Sig. Cossiga was not expected so quickly. The serious implications were underlined yesterday by the speedy return to Rome of Sig. Filippo Maria Pandolfi, the Treasury Minister and head of the International Monetary Fund's Interim Committee, and of Sig. Carlo Ciampi, governor of the Bank of Italy, from the Fund's annual meeting in Washington.

The withdrawal of the economic decree means that plans for tax increases of L3,350bn (£1.67bn) and measures to boost industry's competitiveness and to aid key sectors in trouble, automatically lapse.

The Bank of Italy has always insisted that with the $57bn of reserves it held, a lira devaluation could be warded off. But it has also let it be known that success would largely hinge on the economic package going through Parliament and a Government crisis being avoided. Both these conditions have now lapsed.

Confusion reigned yesterday over which measures of those already in force would have to be rescinded, and how. It seems probable that at least part of the 90-article decree will be re-issued, while further purely monetary moves could not be ruled out.

The bitterness and complexity of the political crisis, caused by the rebellion in a secret vote of about 30 nominal supporters of the coalition of Christian Democrats, Republicans, and Socialists, means that an early solution is unlikely. Nor can the last resort of early general elections be excluded.

But one ray of hope came yesterday from the Communist Party, whose unremitting opposition to the Government has been behind its downfall. Top PCI spokesmen implied that the party would go along with urgent moves to prevent the economy spinning out of control.

On the eve of the crisis, the Government issued provisional 1980 estimates suggesting that Italy, while growth would remain high at up to 4 per cent, would have a current deficit of L6,000bn (£3bn) and inflation of about 21 per cent.

Another important signal of peace came from Fiat, and helps remove the risk that economic and political crises might become enmeshed with an even more dangerous "hot autumn" on the industrial front.

The Turin group, paralysed over its plans to shed 14,469 jobs, announced immediately after the demise of Sig. Cossiga that "out of a sense of responsibility" it was suspending redundancies until the end of 1980.

This in effect gives a three-month breathing space for agreement in the deadlocked negotiations between management and unions.

Crisis may mean early poll, Page 3

THE IRAQ/IRAN CONFLICT

Gulf states would pay a high price for giving help to Iraq

BY JAMES BUXTON

IF THE small Arab states of the Gulf are becoming embroiled in the Iran-Iraq war by providing sanctuary for Iraqi military aircraft or even springboards for Iraqi operations, the consequences for them are unlikely to be anything but bad.

Superficially, life in the Gulf states—Kuwait, Bahrain, Qatar and the United Arab Emirates—is somnolent, except on the multi-lane bigbways. They are, in effect, city states, the cities consisting of elegant modern office buildings and banks, luxury villas and some of the newest and most comfortable botels in the world. The Gulf states do everything they can to cultivate an atmosphere of relaxed prosperity, and to pursue foreign policies of being friends to everyone.

But in practice they are extremely weak, existing in what has been a power vacuum since the British left in 1971. It is not just that their armed forces are small, inexperienced and not always composed of their own nationals, nor that like Iran and Iraq, they possess oil installations which make excellent targets and are hard to defend.

It is rather that as political entities they lack substance, having survived up to now thanks to almost constantly rising prosperity and considerable internal vigilance. Just as other city states of the Gulf have in past centuries been swept away by such events as the Mongol invasions or the arrival of the Portuguese navy, the present Gulf states may be unable to withstand the forces which may emerge from the present conflict.

The Gulf states have been feeling increasingly anxious since the Iranian revolution began in 1978. Last autumn there were disturbances among the Shia Moslem majority in Bahrain, caused partly by incitement from Tehran and partly by lingering tensions in a state ruled by the Sunni minority.

The whole region was alarmed last November when the seizure of the Grand Mosque in Mecca by Sunni Moslem fanatics was swiftly, although perhaps coincidentally, followed by riots among Saudi Arabia's Shia minority, which is concentrated in parts of the oil-producing Eastern Province. Further riots took place in the town of Qatif in February this year. The Gulf states depend heavily on Saudi Arabia and rarely get far out of step with it in foreign policy.

The small Gulf states, because they are Arab and because they fear the spread of the Iranian revolution, are tacitly backing Iraq. But a totally victorious Iraq could hardly be welcomed in the Gulf: the Iraqi Ba'athist regime, with its mixture of Arab nationalism, socialism and ruthlessness, is anathema to the monarchies of the Gulf.

While Iraq may always be at a disadvantage in extending its sway down the Gulf because of its short coastline, Iran will suffer no such difficulty. If Iraq brings the Gulf states into the fight with Iran, the Arab states can expect no quarter from Iran, now or in years to come. The two most anxious states are the United Arab Emirates and Bahrain.

In the United Arab Emirates Dubai, the federation's main trading centre, has an important minority of Persian extraction, and the whole emirate is heavily involved in trade with Iran. This has, if anything, accelerated since the imposition of Western sanctions.

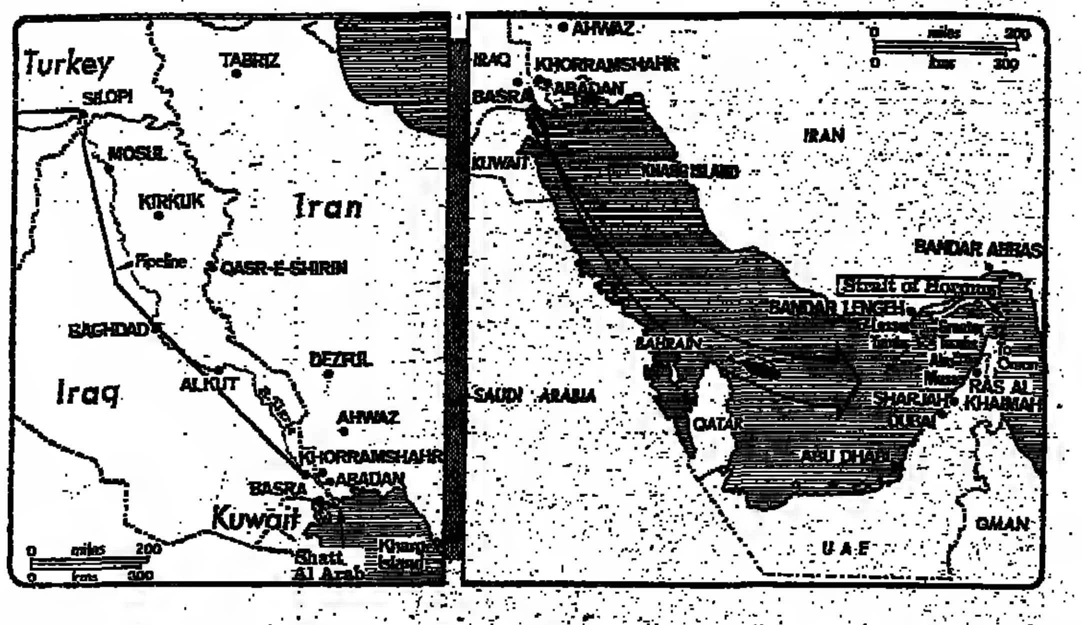
Naturally, the Emirates would like to see the return to full Arab sovereignty of three islands in the Gulf: the Greater and Lesser Tumbs were seized by Iran from Ras Al Khaimah, the northernmost Emirate, in 1971, while at the same time an agreement was reached between the Emirate of Sharjah and Iran to share the island of Abu Musa, leaving open the question of who has sovereignty over it. The islands are of more symbolic importance than anything else. Abu Musa is close to an oilfield operated by Sharjah, but its population is mainly engaged in fishing.

The federal government in Abu Dhabi would consider war much too high a price to pay for their return. It may, however, have little choice.

Similarly, Bahrain, which has been the subject of the most outspoken verbal attacks by the Khomeini Government since the Iranian revolution, has to tread carefully. Its ruling family is Sunni Moslem, but the majority of Bahrainis are Shia, some of them of Persian origin. Last autumn, when several Arab states pledged their support to Bahrain as Iran threatened to revive a long-standing territorial claim abandoned in 1970, there were signs that Bahrain was embarrassed.

The Gulf states' basic problem, although it varies in intensity from Kuwait to the Emirates, is that these states have small and generally inexperienced indigenous populations (indeed, Abu Dhabi was largely a Bedouin and date-growing community until oil was produced commercially in 1962). Quite apart from the border disputes and tribal jealousies which afflict relationships between the seven emirates, as well as relations between all the Gulf states and with Saudi Arabia and Oman, their great weakness is heavy reliance on foreign workers. Although Bahrain's population is largely indigenous, those of the other states are outnumbered by immigrants, and their administrations are to a large extent run by other Arabs—Egyptians, Palestinians, Iraqis, Syrians and Sudanese.

At best, the incomers make administration clumsy and unresponsive to the needs of the indigenous inhabitants. At worst, they bring in alien and destabilising political ideas, bring these states into the turmoil of the Arab politics of the Levant and—in the view of some—constitute the nucleus of possible coups d'etat. Against this weak political background, the smaller Gulf states await developments in the war.



The Sultanate of Oman, which is outside the Gulf, is in a slightly happier position. Its indigenous population is rather bigger than that of its Gulf neighbours, although equally inexperienced, there are fewer immigrants, and Oman has been a political entity—although frequently a dividend one—for more than a millennium.

It has tended to take an independent line in regional politics—it has not totally given up its support for the Camp David agreement between Egypt and Israel—and has rarely been on warm terms with Iraq. Much of the sultanate's efficiency is due to the core of British officers in the armed forces. But the sultanate caused more controversy last July by agreeing to allow the U.S. increased use of its military facilities in emergencies.

The passage through the Straits of Hormuz passes through Omani territorial waters. Oman's forces, although often regarded as the most effective in the Arabian peninsula, are inferior to those of Iraq and Iran. In a Gulf crisis such as this, Oman could still be dragged into the fighting.

U.S. affirms pledge on Hormuz

By David Buchan in Washington

THE U.S. and its allies "all recognise a common need to keep the Strait of Hormuz open," for oil to flow out of the Gulf, Mr. Warren Christopher, Deputy Secretary of State, said yesterday.

In a television interview, he expressed concern at the pace at which the Iran-Iraqi war had escalated from ground skirmishes to a full-blooded clash, and at the possibility it might affect Western oil interests.

Mr. Christopher firmly reiterated President Carter's pledge to keep the Hormuz Strait safe for tankers, and suggested the West was united on the need to take steps to prevent any trouble there. Germany has ruled out participation in any naval force, but Mr. Christopher pointed out the U.S., France and Britain had sizeable naval contingents in the Indian Ocean.

The U.S. "would want to consult countries in the area, such as Saudi Arabia, before taking any steps, Mr. Christopher said. But he noted that free movement of oil was in the interest of "the sellers of oil as well as the purchasers."

The U.S. was not negotiating with the Iranian Government to supply it with badly-needed arms spare parts and ammunition for its U.S.-equipped armed forces in return for the release of the captive U.S. hostages, the Deputy Secretary said.

But this military need by Iran was one of "the objective reasons why they (the Iranians) should settle" the hostage issue as speedily as possible.

Ayatollah urges Iranians to defend every inch

BY A SPECIAL CORRESPONDENT IN TEHRAN

AYATOLLAH KHOMEINI yesterday warned the people of Iran that they would have to fight hand to hand with the Iraqi invading forces. He also urged them to defend every inch of their country, in a taped message which indicates that the Iranian leader is beginning to appreciate how desperate the fighting in the south west of the country had become.

In the capital itself, where the Islamic mission led by President Zia ul-Haq of Pakistan has been having talks, people were sent scurrying to their cellars following the declaration of a red alert by the armed forces for the fourth day running.

For over an hour, heavy anti-aircraft guns fired tracer bullets into the sky with the heaviest firing coming from the city's airport area and the part of the city where Ayatollah Khomeini is in residence.

The blackout during these moments of drama is almost total. Often the electricity is cut off. Revolutionary guards have been going the rounds, making sure that no candles or torches are being used.

President Zia left Tehran yesterday only a couple of hours before the evening fireworks began. He had been in the city for 24 hours as part of a two-man Islamic Conference delegation to explore the possibilities of starting talks to end the war.

He was joined in Tehran this morning by the second member of the delegation, Mr. Habib Chatti, the Secretary of the Islamic Conference, who had come from Saudi Arabia in the personal jet of the Pakistani President.

Both President Zia and Mr. Yassir Arafat, the Palestinian leader, met President Abdulhassan Bani-Sadr on Saturday night and Mr. Arafat also met Mr. Hashemi Rafsanjani, the Speaker of the Iranian Parliament, yesterday morning.

Following the meeting Mr. Rafsanjani said in Parliament: "Talks about mediation are coming from many quarters. The overall policy of this country is decided by a Parliament and this question should be and is being discussed by it. The final decision, which will be either peace or war, will be made by the Parliament."

Little progress seems to have been made so far. Before President Zia flew on to visit Baghdad be said that Iran was still "in a revolutionary situation and not ready for negotiation or compromise." The mood in Tehran is becoming even more nationalistic and determined to beat the Iraqi forces.

On the battle front, the Iranian joint staff yesterday came close to admitting that Iraqi forces have captured a border town. The joint staff continues to deny the claims from Baghdad that the cities of Ahwaz and Khorramshahr, in the south west of the country, have been occupied.

The Iranian military claimed yesterday that its air force had "destroyed a number of military targets" in Iraq, although the targets were not specified. In another statement, four Iraqi Migs were said to have been shot down in the course of a raid on the key Iranian oil terminal of Kharg Island.

One woman contacted by telephone in Khorramshahr admitted there was band-to-band fighting already in the city.

Ahwaz was reported quiet yesterday afternoon but a resident contacted there said that there had been very beavy shelling all the previous day.

ISRAEL WOULD be willing to supply weapons to Iran if it were to change its anti-Israel stand, according to Mr. Mordechai Zippori, deputy Defence Minister, David Lennon reports from Tel Aviv.

Israel could give Iran important logistical help, the Minister added. He noted that Iranian gunboats use the Israeli-made Gabriel sea-to-sea missile, and that its armoured corps uses Israeli artillery shells.

Ayatollah Khomeini

IRAQI TROOPS celebrate the capture of an Iranian fortress at Khomaisse.

Iraqis 'planning to consolidate gains'

BY IHSAN HIJAZI IN BEIRUT

THE GENERAL Military Command in Baghdad has announced that Iraqi troops bave achieved their objectives and that from bere on their goal would be to consolidate the positions they bave gained, "invest the victory and destroy the remaining parts of the Persian armed forces."

The announcement, quoted by Baghdad Radio, was made after a military communique declared that Ahwaz, the capital of the Iranian oil-rich province of Khuzestan, had fallen to the advancing Iraqi troops.

While the Iranians have contested the Iraqi claim, reports from the area said Ahwaz had come under heavy Iraqi bombardment. The Iranians reported on Sunday that their helicopter gunships attacked Iraqi columns, destroying 40 tanks.

It bas been established that by reaching the Ahwaz region, the Iraqis are now about 50 miles inside Iranian territory.

The Baghdad announcement suggested to analysts that Iraqi forces will now dig in to occupied territory, which extends all along the disputed Shatt-Al-Arab waterway. Their main objective apparently is to secure control of both banks of the waterway.

The analysts said the Iraqis will wait for mediators and perhaps the United Nations Security Council to arrange a ceasefire or negotiations.

Iraqi officials have made it clear they would withdraw their troops from Iran only after the Iranians had recognised and respected Iraqi sovereignty in all of Shatt-Al-Arab. Baghdad has already abrogated the 1975 border treaty under which it shared sovereignty in the estuary with Tehran.

While the Iranians have made a stronger military response than had been anticipated, especially by the air force, their main test will be in whether they will be able to dislodge the Iraqis from their positions.

While there were signs of support for Baghdad from Jordan, Saudi Arabia and several Gulf states, the war has only made things worse between Baghdad and Damascus. Arab diplomats reported that Jordan has moved military reinforcements to its common border with Iraq to reassure President Saddam Hussein of effective Jordanian backing should the need arise.

They added that Iraq has apparently received assurances that it could depend on Kuwait for oil supplies for its war machinery should there be shortages as a result of the disruption of Iraq's own industry. A similar assurance reportedly came from the Saudis.

The Baghdad Government newspaper Al Thawra claimed on Saturday that the regime in Damascus had rushed weapons to help the Iranians. The arms were said to have been airlifted by a Syrian airways 747 aircraft reportedly using Iraqi airspace. Syria denied that the airlift had taken place.

Kurds wary of both sides

By Patrick Cockburn

THE DISSIDENT Kurdish minorities in Iraq and Iran both see an opportunity in the present war to further their own struggle for autonomy, but Kurdish leaders are nervous of appearing to be the puppets of either regime.

For the last year, the Government in Tehran has been locked in battle with Kurds along Iran's eastern border with Iraq. An offensive by the rebels was expected over the next month when rain and cloud would limit effective air support to Iranian army and Revolutionary Guard units holding the towns.

Fear of appearing to be the catspaw of Baghdad may lead the Iranian Kurdish rebels groups to limit their attacks, despite the diversion of Iranian units seeking to stem the Iraqi assault.

The Kurdish groups in Iraq may also keep a low profile. Kurds in London say that two of the three Iraqi divisions previously stationed in Iraqi Kurdistan have now withdrawn, but they do not foresee an immediate offensive by the rebels even though the Kurdish Democratic Party, the biggest Iraqi Kurdish rebel group, has close relations with Tehran.

They quote Kurds in the city of Arbil in the plain just below the mountains of Kurdistan, as saying there have been continual and accurate Iranian air strikes on military targets around the city.

In the event of a long war between Iraq and Iran, it is almost inevitable that both countries will try to arm the other side's Kurds and that the rebel movements will be unable to resist the temptation to acquire large supplies of machine guns, ammunition, anti-tank and anti-aircraft guns which they have hitherto lacked.

WORLD TRADE NEWS

Nippon loses main part in Mexico deal

By Richard C. Hanson in Tokyo

NIPPON STEEL, the world's largest integrated steel company, has apparently lost out on a hid to win an overall engineering service contract for the expansion of Mexican steel producing capacity.

Sicartsa, Mexico's State-run steel company, so far has awarded Nippon Steel only the engineering work for a 1.5m ton-a-year steel plate mill, just part of a multi-hillion dollar expansion programme. Other tenders for engineering services on a gas powered direct reduction iron mill, pelletising facilities, an electric arc furnace and continuous casting machinery are expected to be decided shortly.

Nippon Steel had carried out feasibility studies on the overall expansion programme, which aims at increasing Sicartsa's annual crude capacity to 2.8m tonnes from the present 1.3m tonnes.

The Jspanese steelmaker has run into difficulties in other overseas projects in the past few months. A contract to huild a large specialty steel mill in the Soviet Union in co-operation with Armco of the U.S., desdlocked since the Soviet invasion of Afghanistan has heen lost. The company was waiting for the U.S. and Japanese Governments to give the go-ahead for the project.

In China, there is uncertainty over the second stage of a large steel mill the company is building near Shanghai. This, bowever, is mostly because China may not be ahle to afford it.

CHINA'S GATT ENTRY PLANS

Peking formulates its strategy

BY PAUL CHEESERIGHT IN GENEVA

CHINA has emharked on a series of intensive hut informal talks which will lead to an spplication for membership of the General Agreement on Tariffs and Trade (GATT), probahly next year.

The talks have heen held with representstives of the major Western trading nations and with the GATT Secretariat. They have been taking place in Geneva and Peking, as well as Western capitals.

The tenor of these talks confirms that China has made a formal decision to join the GATT and that membersbip is now seen in Peking as a matter of priority.

So far, however, the only overt indication of China's renewed interest in the GATT is tbe presence of an official at GATT course on commercial policy, currently running in Geneva.

China is evidently seeking a detailed hriefing on the working of the GATT and is trying to find out about the benefits and the obligations membership wonld entail. It is unlikely that, until such datails have become explicit, a formal initiative will he taken.

It appears that China is anxious to avoid, for reasons of prestige, a prolonged formal negotiation on membership.

At the same time China wishes to come to the GATT as a developing country, thus tilting the halance between henefits and ohligations in its direction. But this will prove difficult to arrange on technical grounos.

China was, in fact, one of the countries which took part in the original negotiations to establish the GATT after World War II, but membership lapsed more than 30 years ago.

The first technical problem to be solved, therefore, is whether China rejoins or starts completely afresh. There is no evidence yet that China has made up its mind on this point.

Rejoining would present legal difficulties. When Chinese withdrawal took place, 14 countries had tariff negotiating schadules with China, and concessions were withdrawn. In addition Chinese tariff duties are actually higher now than they were in 1947.

If China simply re-joined tbe GATT it would also be expected to pay back dues amounting to some $3m. It is also doubtful whether it could claim developing country status.

China's approach, in any case, poses a big cballenge. The agreement was designed to meet the naed of market rather than centrally-controlled economies. Although the GATT bas managed to accommodate Hungary, Poland, Romania and Czechoslovskia, the problems of dealing with China are much greater simply hecause of China's size and long-term economic importance.

Delicate political questions arise from the possihle future trading patterns between China and the West. China will be needing to import equipment and high technology goods, not necessarily tha consumer goods which some Western nations would like to sell. At the same time China will he seeking to export consumer products—textile goods, for example—which Western nations are anxious to restrict.

Chinese test new aircraft

PEKING—China has test flown its protoype four-engined jet airliner, the YC-10, aviation officials revealed at the weekend.

It was not known the result of the test or how many flights had heen made. The first test had been scheduled around the end of August.

The Shanghai-built aircraft was powered by four of the 40 Pratt and Whitney JT3D engines bought by China when it purchased 10 Boeing 707 airliners in 1972. The aircraft has about 120 seats.

There had been suggestions that the YC-10 was a copy of the 707, but there were said to be significant differences in the Chinese aircraft's wing. China was believed to have huilt three aircraft, but there has been no indication of plans to put the YC-10 into commercial production.

The aviation officials also said China was building its own version of the Soviet Antonov-12 troop transport and the twin-engined Antonov-24. Reuter.

● Manufacturers Hanover Leasing Corporation, of the U.S. has announced the signing of an agreement to lease a Boeing 747-SP to China. The $51m, 15-year leveraged lease (China's first) was signed by tbe Department of International Affairs of the General Administration of Civil Aviation of China.

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World pays a price for unstable currencies

BY PAUL CHEESERIGHT

WHILE FLEXIBLE exchange rates have not distorted international trade patterns, the absence of a stable international currency at the centre of the trading system is imposing significant costs on the world economy.

These are two of the conclusions reached by Mr. Richard Blackhurst and Mr. Jan Tumlir, economists at the GATT secretariat in Geneva, wbose study of trade relations under flexihle exchange rates is published today.

The authors are at pains to dispel uncertainties about the impact of floating exchange rates on international trade and at the same time to emphasise the limitations of any policy which seeks to manipulate exchange rates in order to win trading advantages.

Noting that trade expanded more rapidly in the 1970s than did production, the authors suggest that sbifting exchange rates had no important adverse effect on the level of international trade. It was during the 1970s that floating, as opposed to fixed, exchange rates became the norm.

"Changes in nominal exchange rates bave served in most instances to maintain, not alter, the pattern of international competitiveness," the authors state.

The response of trade halances to real exchange rates in eight major countries during 1970s was hardly significant, say the economists.

Governments are warned not to seek to undervalue their exchange rates in an attempt to boost exports.

The world economy is paying the cost of not baving a currency of stahle purchasing power on which trade might be based. There is no currency capahle of playing tha role of sterling before 1931 and the U.S. doilar in the years after World War II, the economists say.

But, apparently downgrading the potential role of International Monetary Fund's special drawing rights, the economists predict that whatever form the international monetary system takes it will be based "on a major national money."

SHIPPING REPORT

Freight rates remain stable despite war

BY OUR SHIPPING CORRESPONDENT

THE MIDDLE EAST fighting has overshadowed the world's freight markets over the last week but, rather surprisingly, it has not led to any panic moves in freight rates.

Naturally, the level of inquiry for tankers loading in the Gulf has been severely restricted. For some time now owners have been keeping their ships out of the Gulf and ships have been passing through the Strait of Hormuz only to pick up specific cargos.

The closure of the Iranian and Iraqi oil terminals in the Gulf bas not led to any obvious panic by the charterers to lift crude from the remaining Gulf oil terminals. Western stocks are high and there is a substantial amount of additional oil waiting in storage tankers only a few miles off the main consuming countries.

Although there have been occasional delays, tankers have been moving freely through the Strait of Hormuz. Some business has been done and a 245,000-tonner, Gulf/Europe, was fixed at Worldscale 40 with the charterers having the option to use it for up to 60 days' storage at $17,500 per day.

In the dry cargo market the Iran/Iraq conflict has also had surprisingly little impact given that up to 500 ships could be seriously affected if the Strait of Hormuz was closed. There has been some relnctance to charter tonnage, but generally rates have held fairly steady. The key U.S. Gulf/Continent grain rate for large Panamax types is hovering around $14.75.

World Economic Indicators

TRADE STATISTICS

		Aug. '80	July '80	June '80	Aug. '79
France Frbn	Exports	40.752	40.974	40.763	36.329
	Imports	44.770	47.639	46.580	39.496
	Balance	−4.018	−6.665	−5.817	−3.167
Germany DMbn	Exports	24.2	29.20	28.50	24.70
	Imports	24.3	29.10	28.20	23.7
	Balance	−0.1	+0.10	+0.30	+1.0
Japan $bn	Exports	10.200	11.241	10.807	8.158
	Imports	9.870	11.128	10.680	8.838
	Balance	+0.330	+0.113	+0.127	−0.680
UK £bn	Exports	3.958	4.032	3.970	3.600
	Imports	3.895	3.771	3.967	3.700
	Balance	+0.063	+0.261	+0.003	−0.100
		July '80	June '80	May '80	July '79
Holland Flbn	Exports	11.063	11.888	12.147	9.986
	Imports	12.115	13.536	12.570	10.459
	Balance	−1.052	−1.648	−0.423	−0.473
U.S. $bn	Exports	18.075	18.642	17.678	15.605
	Imports	18.995	19.893	20.528	16.777
	Balance	−0.920	−1.251	2.850	1.108

Jonathan Carr, in Bonn, examines the effects of the Munich bombing

Outrage—but no threat to the State

THE BOMB explosion which killed 12 people and injured more than 200 seems bound to inflame debate about internal security in the last week of the German General Election campaign.

But it seems unlikely to have a marked effect on the election result itself. That this is so, owes much to the change in the public mood here since the height of the terrorist attacks in 1977, when leading public figures were murdered and the State for a while seemed almost helpless.

According to the Bavarian and Federal authorities, the Munich explosion was almost certainly the work of Right-wing extremists. At first sight, this evidence might seem to improve further the election prospects of Chancellor Helmut Schmidt and his Social Democrat (SPD)—Liberal Free Democrat (FDP) coalition.

Every major opinion poll in the country has so far put the Schmidt coalition ahead of the Christian Democrat (CDU)—Christian Social Union (CSU) alliance under Herr Franz Josef Strauss, in the election battle.

It could be argued that voters so far wavering between the two sides might now be shocked into turning their back on the political Right altogether—even the moderate conservatism of the CDU-CSU coalition, which has been as quick as anyone to condemn the Munich outrage.

This argument gains the more force since the question remains why Right-wing extremists should commit this act just before an election and in Munich of all cities—the capital of the state of Bavaria of which Herr Strauss is Prime Minister.

Could it have been a failed attempt by the extreme Right to bring suspicion to bear on the Left—thereby undermining support for the Government?

Citizens of Munich lay wreaths at the spot where one of the 14 people killed in the Oktoberfest bombing died.

Many Germans are asking themselves these questions—and some may react on polling day by doing exactly what they believe the perpetrators of the Munich explosion hoped they would not do—namely, vote for Herr Schmidt's side.

Against that, Herr Strauss has been quick to accuse the Federal Government in Bonn—and the Interior Minister, Herr Gerhart Baum, in particular—of creating over the years a climate in which it has been hard for the security forces to do their job properly.

Already, Herr Baum, an FDP Minister, has been strongly under fire from the opposition (and even from some in his own party) for holding a discussion on television with a former terrorist.

There have also been recent reports of errors which, it is said, allowed suspected terrorists to escape a police sweep. It is worth recalling that the Munich incident is only one of several bomb explosions attributed to Right-wing extremists in Germany this year—though by far the most costly in human life.

Opposition accusations that the Government is being "too soft" on extremists have thus been one feature of the election campaign — though not the dominant one so far.

It is now possible that in the wake of the Munich affair, Herr Strauss may find a more ready ear for his stand on "law and order." He could gain support from those who see planters of bombs neither as part of the "extreme Right" nor of the "extreme Left," but simply as murderers — and who feel the state is not doing enough to track them down.

All that said, it must be stressed that the mood in the country is anything but feverish —even after the Munich explosion and near the end of an election campaign which, it was widely prophesied, might dangerously polarise public opinion.

In the autumn of 1977, the country had seen the murders of three leading public figures within the space of a few months. One of them, the industrialist, Dr. Hans Martin Schleyer, had been killed only after weeks of captivity while police sought vainly for him.

The terrorists seemed well organised and the authorities appeared not to have enough weapons to oppose them. Parliament, in tense and controversial sessions, passed new measures to combat the dangerous turn of events.

Had a general election come that autumn, then surely the political alliance campaigning most vigorously to defend "the basic democratic order" would have emerged on top.

Since that autumn, there has been no successful terrorist attack on a leading German public figure — and some of those wanted in connection with the earlier murders have been brought to trial. The feeling has grown that the authorities have gradually been gaining the upper hand — even if the danger has not wholly vanished.

The Munich toll is bad enough. But it does not have about it the element of calculated ruthlessness which horrified the nation over the Schleyer case. Police reports suggest that the young man suspected of committing the act died in the general carnage because his bomb exploded prematurely.

That is a miscalculation which the Schleyer captors would have been unlikely to permit themselves. The affair will surely be seen by virtually all Germans as an outrage — but it is likely to be judged by relatively few as a threat to the State.

Polish free trade union threatens first strike

WARSAW—The Gdansk free trade union yesterday threatened to stage a one-hour warning strike in northern Poland next Friday, in protest against what it described as Government "failure" to fulfil agreements on pay rises.

A spokesman for the Gdansk movement, which spearheaded the strike campaign last month to win the right to establish the first independent unions in the Soviet bloc, said workers from other parts of the country were being invited to join.

Mr. Andrzej Kolodziej said delegates from the Gdansk-based Solidarity Free Trade Union movement, which controls about one-quarter of the Polish labour force, were being summoned to a meeting today to discuss joint action.

Mr. Kolodziej said the Government had not even half-fulfilled the pay pledges it made with the Gdansk strikers.

The strike call followed a threat by Mr. Lech Walesa, leader of the Free Trade Union movement, that he would bring the whole of Poland out on strike if the Government failed to meet its pledges.

It added a new sense of urgency to a meeting of Poland's Communist Party leaders who are expected to gather in Warsaw early this week to resolve their conflicts and work out a clear strategy to deal with a volatile political situation and a deepening economic crisis.

The meeting of the central committee, originally set for last Friday, was postponed amid signs that the party, which has been in a state of turmoil for several weeks, was divided over personnel changes and future policy, particularly concerning the new free trade unions.

Reuter

Chinese outline charges against 'Gang of Ten'

BY TONY WALKER IN PEKING

THE TRIAL of China's Gang of Four has suddenly become the trial of the Gang of Ten, with the inclusion in the case of supporters of Mr. Lin Biao, the late Defence Minister. The charges include one of plotting to murder the late Chairman Mao Tse-tung.

Other charges outlined at the weekend by Mr. Huang Huoqing, who is effectively the senior state prosecutor, are: Sedition and conspiracy, persecution of party leaders, and what is described as the "practice of Fascist dictatorship."

Mr. Huang briefed the standing committee of the National People's Congress (China's Parliament) on the charges. A report of the briefing carried by the New China News Agency is the most public indication yet that the trial is about to begin.

The Chinese leadership has recently stopped describing Madame Qing, Chairman Mao's widow, and her supporters as the "Gang of Four," perhaps in preparation for the blanket charges against the Group of Ten. They are being held responsible for the worst excesses of the Cultural Revolution in the late 1960s and early 1970s, which plunged China into chaos and near civil war.

The Lin Biao supporters to be tried with the Gang of Four include Mr. Chen Boda, Chairman Mao's longest-serving private secretary, and senior military officers from the late 1960s.

The Gang of Four includes Madame Jiang, Mr. Zhang Chunqiao, propaganda chief during the Cultural Revolution, Mr. Yao Wenyuan, a Marxist ideologue and polemicist, and Mr. Wang Hongwen, a leading Shanghai radical who enjoyed Chairman Mao's patronage and was named a Communist Party vice-chairman in 1973.

Chairman Mao and Mr. Lin Biao launched the Cultural Revolution partly to get rid of their opponents in the party some of whom have returned recently to the leadership.

Madame Jiang and her supporters were arrested in October 1976, soon after Chairman Mao's death. Mr. Lin Biao, once designated as Chairman Mao's heir, died in 1971 in an aircraft crash in Mongolia while fleeing to the Soviet Union after attempting a coup.

"The criminal activities of the two cliques were interrelated and inseparable from each other," Mr. Huang told the Congress standing committee. "After Lin Biao died . . . the Jiang Qing clique recruited his followers and carried on counter-revolutionary activities."

The ten are liable to the death penalty on the charges. Chairman Hua Guofeng, however, said earlier this year the gang were unlikely to be executed.

Violence spreads in Zimbabwe

BY OUR SALISBURY CORRESPONDENT

MR. ROBERT MUGABE, Prime Minister of Zimbabwe, faces calls by his aides and by business leaders to take immediate action to restore law and order after a number of violent incidents.

Urban violence returned to Zimbabwe at the weekend when a group of gunmen tossed a hand grenade into a bar in the Salisbury suburb of Mabelreign and then opened up with automatic weapons, killing two blacks and wounding 25, 11 of them seriously.

The bomb incident on Saturday night was the first in a predominantly white suburb since the February elections. Police declined to say who was responsible but members of Mr. Mugabe's ZANLA guerrilla forces have moved into flats not far from the hotel.

Last week a white farmer was shot dead by guerrillas and a white woman and her sister drove off six guerrillas who attacked their mother's farm in the Gormonzi area.

Farmers in the eastern Manicaland area have reported squatting by thousands of blacks who have moved onto white-owned farms, claiming they have been given permission by the ZANU-PF party leadership.

Also ominous was an incident on Friday at the Midlands village of Umvuma, where a crowd of ZANU-PF supporters forced the police to release two blacks who had been sentenced by a magistrate to six months' imprisonment for assault in a case involving illegal trial by a kangaroo court. In north-east Zimbabwe, at Bindura, there was a similar incident when a remand prisoner was freed from police custody by party supporters.

Mr. Ian Smith, the former white Prime Minister, said at the weekend that the Government must use the army against the bandits if the police were unable to cope. Mr. Smith was speaking at the close of his party's annual congress, at which delegates expressed alarm at the deteriorating security position in the country.

Italy crisis may mean early poll

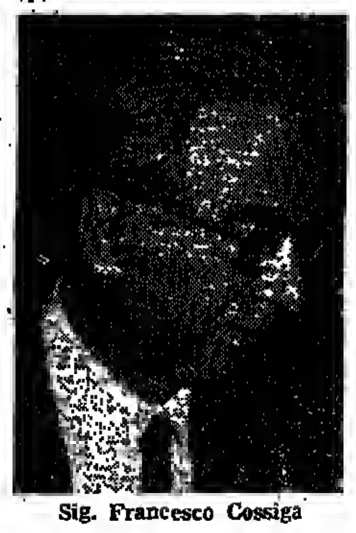
BY RUPERT CORNWELL IN ROME

ITALY'S latest Government crisis—the country's 40th since the end of World War II—promises to be one of the most difficult to resolve in recent times, and could lead once again to early General Elections, more than three years before they are due in summer 1984.

Saturday's demise fo the six-month-old Administration of Sig. Francesco Cossiga, the Prime Minister, is generally reckoned to have happened in the worst possible circumstances—a cynical Parliamentary ambush only minutes after a roll-call had given him a clear-cut vote of confidence.

After a majority of 329-264 had endorsed the three-party coalition of Christian Democrats, Republicans and Socialists, about 30 MPs, believed to be dissident Christian Democrats and Socialists, changed sides to send the Government to defeat in a secret vote on its all-important economic stabilisation package.

On this occasion, the coalition lost by a margin of one, by 297-298 against. Immediately afterwards, Sig. Cossiga called a Cabinet meeting, then informed Sig. Amintore Fanfani, President of the Senate, of his decision to resign.



Sig. Francesco Cossiga

Sig. Sandro Pertini, the Italian President, who was due back in Rome last night from Hong Kong after cutting out a planned official visit to Jordan, is expected to start consultations as soon as possible, probably today.

But his task will be very hard. The soundings will take place in an atmosphere of suspicion and rancour rare even in Italian politics. Indeed, it is still possible that Sig. Pertini will send the Premier back before the Chamber for another vote of confidence.

The MPs who brought Sig. Cossiga down are almost certainly Christian Democrats and Socialists keen to mend fences with the opposition Communist Party, and who want to check the ever more plain ambitions of Sig. Bettino Craxi, the staunchly anti-Communist Socialist secretary.

Sig. Craxi, who had brought his fractious party back into Government for the first time in six years, last night described the latest events as "odious." Yet if the Communists persist in their policy of voting against any Government of which they do not form part, abstention or support from the Socialists is essential if any Government is to survive.

The major victors are the Communists, whose hardline opposition to Sig. Cossiga has proved that no Government, even if it has a built-in majority on paper, can function without an understanding with them.

IMF ANNUAL MEETING

Industrial nations resist change

BY PETER RIDDELL IN WASHINGTON

THE MAJOR industrialised countries agreed in Washington over the weekend that the basic character of the International Monetary Fund should be retained. This is in face of demands for radical changes from developing countries.

The view emerged after the meeting late on Saturday of the Finance ministers and Central Bank governors of the leading industrialised countries assembling as The Group of Ten. The final communiqué said there was general recognition of the need for "a large volume of lending by the Fund, and for longer adjustment periods."

But it added that the members "*stressed* that the basic character of Fund lending should be preserved."

This caution and a desire to preserve the structure was also reflected in the discussions about the means of financing the expansion in the Fund's activities.

After the meeting, Herr Manfred Lahnstein, State Secretary tion of Special Drawing Rights at the West German Ministry of Finance, said that while there was a balance of views, most participants preferred borrowing in traditional ways by Fund quotas and from countries running surpluses.

Only in extreme need, he said, should the Fund seek money from international capital markets. He did not believe such a need existed now, and he hoped that present political questions (an implied reference to row over whether the Palestine Liberation Organisation should be allowed to attend meetings) would be resolved before the Fund's resources ran out.

There were apparently hopeful reports to the meeting about ratification by member-countries of the seventh quota review producing an extra Special Drawing Rights 10bn (£6.6bn) or so in usable currency. In particular, the U.S. Congress is nearing final approval of the quota review.

There was some discussion at the Group of Ten about the possibility of a further allocato increase members' reserves. This will be further considered, but nothing will happend until after next year.

The communiqué noted "with concern that the outlook for the world economy has not improved since the last meeting in April."

The members regarded the "recent slowdown in major industries countries' rates of inflation as an encouraging development," but considered that at present, "there is little scope for a relaxation of monetary, budgetary, or other policies."

More aid for Third World urged

BY NICHOLAS COLCHESTER IN WASHINGTON

"THE IMF is moving, but the rate at which it is doing so is too slow," Professor Essang, the Nigerian Finance Minister, said yesterday as spokesman for the lobby of developing countries at the annual meeting of the IMF and World Bank.

In a lengthy communiqué, the Ministers of the "Group of 24," which represents more than 100 developing countries in their relations with the IMF, repeated their demands that the Fund play a greater role than at present in helping poor countries finance balance-of-payment deficits arising from the last rise in the oil price and from recession in Western economies.

The Group of 24 estimated that the total deficit for non-oil developing countries would be $76bn this year and $80bn next. "The Fund must realise that the balance-of-payment problems of developing countries are not necessarily due to incorrect demand management," Professor Essang insisted.

He called the present financial plight of the Third World "desperate," and argued that IMF economic disciplines were not the correct answer to such a structural problem.

Yet Professor Essang conceded that there was evidence of change in the IMF. The Fund was, he said, moving to liberalise the economic conditions on which it extends loans.

There was movement to boost the supply of special drawing rights, the reserve asset which the IMF creates in measured doses. At least, there was now a willingness to discuss whether such SDRs might be allocated preferentially to needy countries where such discussion had been taboo before.

In particular, the Group is critical of the IMF's plan to wind up the Trust Fund (cheap loans to hard-pressed countries financed out of profits on IMF gold sales) and to use the cash so released to subsidise interest on IMF loans.

The group argues that this switch of resources does not produce a net benefit. It wants both Trust Fund loans and interest rate subsidies.

Howe tries to persuade unions to talk on pay

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has launched a second attempt to persuade union leaders to discuss the country's pay rise problems during a meeting of the National Economic Development Council.

Two months ago Sir Geoffrey Howe, Chancellor of the Exchequer was snubbed by TUC leaders who effectively stopped a paper dealing with pay problems being discussed in the council.

Now, the council's co-ordinating committee of civil servants and office staff from the main economic government departments, the CBI and the TUC, have agreed that the Chancellor can resubmit the paper.

This will happen at next week's meeting of the council on the eve of the Conservative Party conference, although Sir Geoffrey has only succeeded in winning it the second slot on the meeting's agenda. A lengthy discussion on the implications of North Sea oil will take place first.

The paper will be redrafted and will be submitted along with a covering note from Sir Geoffrey which will likely try to smooth over some of the differences between the parties, while emphasising the need for pay restraint this winter.

Although many delegates at the Conservative conference will have little enthusiasm for the Government developing a dialogue on pay restraint with the unions, Sir Geoffrey is thought not to want to undermine the 18-year-old co-operative traditions of the council with a second row.

On the other hand, he cannot be seen to accept a trade union veto on what is discussed. For their part, the TUC acknowledges that all parties to the council have the right to able their own papers following prior discussion in the co-ordinating committee.

The mood of the meeting will therefore depend first on how Sir Geoffrey's covering note is phrased and secondly on how he introduces the subject. The TUC, led by Mr. Len Murray, general secretary, may well try to keep the discussion on pay short and to direct the debate towards wider economic problems, especially unemployment.

The outcome of the discussion is not expected to have any significant impact on Government policies since Ministers are opposed to any formal deal with the unions. But the Government is using the council as a forum for general economic discussions. Therefore, it would clearly be useful for the Chancellor to discuss the pay rises with the TUC at a time when fresh attempts are being made to curb this winter's increases in the public sector.

High speed Channel travel foiled by cost

William Hall examines the implications of P & O's decision to abandon its London-Ostend hydrofoil service.

P AND O's decision to abandon its London-Ostend hydrofoil service comes less than a month after the suspension of the Brighton-Dieppe hydrofoil service of Seajet and must put a question mark over the whole future of high-speed travel on the Channel.

The decision was announced earlier this week.

Seajet was a small company which ran into financial difficulties as a result of the French fishermen's blockade. But P and O Ferries is part of a large and financially sound organisation.

It had run an experimental hydrofoil service for 15 months before deciding to go ahead and buy two £6.5m Boeing Jetfoils for its London-Ostend operation.

P and O started talking to Boeing as long ago as 1970 about the possibilities of operating a Jetfoil service (Boeing's name for their hydrofoils) so no one can say P and O had not done its homework. Consequently, the decision to abandon the service after only seven months' operation was not taken lightly.

Mr. Keith Wickenden, chairman of European Ferries, the successful cross-Channel ferry company, has always insisted that hydrofoils were 20 years out of date. It seems he is being proved right.

The 250-seater hydrofoils travel at 40 knots (twice as fast as the ferries) and carry people in the luxury of airline-type seats. With rising living standards it was argued that travellers would be prepared to pay more for speed and luxury. This does not appear to be the case in practice, and the hydrofoils have the big disadvantage of being unable to carry cars.

Boeing is one of the leading manufacturers of hydrofoils and its craft have proved a success on the short routes in places like Hong Kong and Japan.

Apart from P&O and Seajet —which together operated three Jetfoils—B & I, the Irish ferry company, operates a service between Liverpool and Dublin, and Regie voor Maritieme Transport (RMT) has ordered two Jetfoils for a Dover-Ostend service starting next year.

B & I appears well pleased with its operation and is continuing to run it through the winter months. It feels it is tapping a lucrative market but some passengers are being siphoned away from its conventional ferry services.

RMT also seems prepared to press ahead with its purchase of two Boeing Jetfoils for next summer's season. But there are some people within the Sealink consortium (of which RMT's hydrofoils, like B & T, will siphon travellers away from the conventional ferries, and neither Dover nor Ostend are the sort of conurbations which will provide the density of passenger traffic a hydrofoil needs.

There appear to have been a number of factors behind P & O's decision to drop the service. When it was conceived, the pound was much lower, and Continental travellers were swarming to London to shop. This has changed, and the Cotinental-based market—the key to P & O's operation—is far less buyant.

P & O will not confirm it, but traffic levels were well below target and the addition of the second hydrofoil in the summer made the problem worse in spite of a desperate 30 per cent cut in prices. The other key factor was the sharp rise in fuel prices —a hydrofoil burns 420 gallons of fuel an hour.

Finally, the fact that P & O's hydrofoils had to carry two Trinity House pilots (one for the river and one for the sea), at a round-trip cost of £820, jeopardised the operation from the start. Pilots alone cost P & O £750,000 a year. They could easily have operated without them.

It remains to be seen whether B and I and RMT make a success of their hydrofoil services. Both are about three times the distance of the successful Far Eastern services and they operate in open seas. Reliability in rough weather still has to be tested.

But hydrofoils are not the only high speed craft to be under financial pressure. The two cross-Channel hovercraft operators, Seaspeed and Hoverlloyd, have captured a substantial amount of business from the conventional ferry operators. But they are losing money.

Hovercraft skim across the Channel at three times the speed of conventional ferries. But neither Hoverlloyd nor Seaspeed has proved that passengers are prepared to pay a worthwhile premium for speed. As with the hydrofoils, the combination of soaring fuel prices and the severe price war between the conventional ferry operators could sound their death knell.

Allied and John Brown enter power fuel market

A BIO-TECHNOLOGY venture in the newly emerging market for power alcohol has been launched by Allied Breweries and John Brown and Company.

Car alcohol is ethyl alcohol—ethanol—made from crops for use as a liquid transport fuel.

Alcon Biotechnology is a joint venture equally owned by UK subsidiaries of the parent groups, Allied Breweries (UK) and Constructors John Brown (CJB).

Its chairman is Mr. John Dunwell, a director of Allied.

The new venture is marketing a continuous brewing technology originally developed by Allied but abandoned because the flavour of the beer was unsatisfactory.

For the past two years Allied and CJB have been collaborating to adapt the continuous brewing technique into a highly productive method for making a strong beer for distillation.

Distillation turns the beer into pure, dry alcohol suitable for addition to petrol to make gasohol, or as a fuel in its own right for modified engines.

There is growing interest in brewing power alcohol in countries short of oil but capable of growing crops rich in sugar or starch, such as sugarcane and maize.

Brazil has attracted special interest because of its national programme to cut oil imports by using power alcohol fermented from sugar.

Mr. Neville Chapman, business development manager of Alcon Biotechnology, said the company's aim was to bring fermentation into the 20th century.

The U.S. would be the initial target for the new technology.

Tax concessions in many U.S. states were making it increasingly attractive to brew alcohol from cereals in order to add up to 20 per cent of alcohol to petrol.

Alcon is marketing in the U.S. through the chemical plant contractor Crawford and Russell of Stamford, Connecticutt, a CJB acquisition last year.

It is offering potential customers the opportunity to try out its continuous brewing technique, using a demonstration fermenter it has developed and packaged for easy transportation round the world.

According to Mr. Chapman, the Alcon process can halve the capital cost of the fermentation stage in the production of power alcohol.

It does this by using yeasts chosen for their high yield of alcohol, with minimum growth of the yeast itself.

What yeast is produced settles out cleanly at the bottom of the fermenter, avoiding any need for centrifuges to filter the brew before distillation.

The process has already been demonstrated by Allied on a pilot plant scale.

In addition to the fermentation stage, production of power will require plant to prepare the crop for fermentation, and distillation columns to separate and dry the alcohol.

Mr. Chapman estimates that the two companies have spent "a six-figure sum" on the demonstration fermenter.

The technology of this process is now proven, he says, having operated for a year at Allied before the group abandoned it as a beer-making process and for three months without interruption in the pilot plant.

FT Grocery Price Index falls 0.8%

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHARP fall in the cost of fresh fruit and vegetables in September has led to the Financial Times Grocery Prices Index falling by 0.8 per cent this month.

The index for September, published today is 127.41, compared with 128.41 in August.

The fall in the index had been expected, given the usually cheaper fruit and vegetables at this time of the year, aided this month by the relatively mild weather. The total cost of the fruit and vegetable section was £221.19, compared with £250.32 in August.

All root vegetables were much cheaper this month, while apples in particular fell sharply in price —by as much as 30p per pound —as the English crop became widely available.

The other sections of the shopping basket, however, remained fairly stable in cost, although dairy produce was marginally higher.

The stability in grocery prices is likely to continue throughout the autumn — apart from seasonal variations in the fresh produce sections — since the major supermarket chains have embarked on their autumn price promotions.

The J. Sainsbury chain is leading the way with a £500,000 campaign aimed at promoting its own-brand groceries, while Tesco and others have hit back with extensive Press and television advertising.

Many of the major supermarket chains are also heavily promoting "Buy British" campaigns for fresh foods.

The index shows the trend in food prices rather than acting as an absolute indicator of price levels. It is based on data collected each month by 25 shoppers who monitor the same list of 100 items in the same shops each month.

The shops chosen range from superstores to small village grocers throughout the country.

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FINANCIAL TIMES SHOPPING BASKET SEPTEMBER 1980

	Sept. £	Aug. £
Dairy produce	635.44	630.58
Sugar, tea, coffee, soft drinks	208.91	204.89
Bread, flour and cereals	300.19	300.01
Preserves and dry groceries	107.75	107.03
Sauces and pickles	50.29	49.64
Canned goods	189.65	190.79
Frozen foods	228.12	228.51
Meat, bacon, etc. (fresh)	531.91	532.51
Fruit and vegetables	221.19	250.32
Non-foods	235.44	235.93
Total	2,708.89	2,730.21

1979: January 108.54; February 108.65; March 109.12; April 110.68; May 113.59; June 116.02; July 114.79; August 114.16; September 114.17; October 114.95; November 116.34; December 118.74.

1980: January 120.47; February 122.32; March 124.18; April 125.94; May 128.79; June 128.53; July 129.04; August 128.41; September 127.41.

Council orders ban on new housing schemes

NEWCASTLE-upon-Tyne City Council, one of the local authorities threatened with a £1m "fine" because of alleged over-spending, has ordered an immediate ban on all new housing schemes because of insufficient money.

The action, announced at the weekend, will affect many modernisation and house-building programmes due to start in the next three months.

Councillor Tom Collins, housing committee chairman, said the council had been left with little choice after receiving just under £18m from the Government for housing investment.

The authority had asked for £29m and argued that that was the absolute minimum to complete its planned programme in the current financial year.

Mr. Collins said: "The problems caused by the cutback will need expensive solutions in the long-term because many properties will have deteriorated to an unreasonable extent."

Meanwhile, the Labour-controlled council is to seek a meeting with Mr. Michael Heseltine, the Environment Secretary, over his threatened sanction against the authority for alleged over-spending.

The council is one of 14 due to have part of the Government grant withheld because of failure to meet the Minister's spending targets.

Peugeot Talbot keep outlets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TALBOT and Peugeot dealers in the UK were given an assurance at the weekend that the companies want to retain all their present outlets when the two businesses are combined under the terms of the plan announced by the parent group, Peugeot SA, last week.

There are about 450 Talbot and 250 Peugeot dealers in Britain. The aim of the restructuring will be to get the best out of the combined networks.

Talks begin in Paris tomorrow between the two UK organisations about how they should be restructured. A new Talbot car is also due to be launched tomorrow.

CBI resists EEC's disclosure proposals

By Lisa Wood

A MOVE by the EEC Commission to increase the volume of information and channels of consultation which both multinational and national companies would have to provide their employees has provoked strong opposition from the Confederation of British Industry.

Mr. Martin Morton, of the CBI's Social Affairs directorate, said that both British and other EEC employer organisations had objected to the imposition of the proposed legislation which he called "formal and rigid."

The Commission's objective is to translate into legal form many of the voluntary provisions contained in the OECD's disclosure guidelines for multinational companies issued in 1976.

It is also partly based on work in this area by the United Nations Centre for Transnational Corporations and the International Labour Organisation.

Originally, the Commission intended that the stricter rules, which would include divulging to employees production and investment plans, should apply to multinational companies only, on the grounds that national companies were already adequately covered by individual company legislation whereas transnational companies were in a position to evade them.

However, after accusations of discrimination by business circles, the Commission has extended the draft legislation to national companies.

These, which it calls of a "complex structure" with at least one subsidiary and a total of more than 100 employees operating in one or more EEC country, will be included in the legislation.

Mr. Morton said the EEC Commission had still not satisfied enquiries as to why the legislation was needed, given the existing voluntary codes operated by companies. He also believed that such detailed proposals could run counter to existing methods of consultation.

He estimated that the proposed legislation, which is to be debated by the Commission on Wednesday, could affect more than 2,000 multinationals and a very significant number of other companies. "We have not been consulted, neither have Governments nor the unions over these draft proposals," he said.

Billingsgate, London's famous fish market, was opened to the public for the day yesterday—the second time in its 100-year history, writes Elaine Williams. Sir Peter Gadsen, Lord Mayor of London, was among the visitors—expected to number more than 3,000 this year. Sir Peter opened the "fish extravaganza" which included the national craftsmanship competition for fishmonger in which £1,000 worth of prizes were offered to the most skilled at filleting fish. It will be the last time the event is held at Billingsgate for the market is to be moved.

Report criticises BR services

WIDE-RANGING criticisms of British Rail's commuter services in the South-East are included in a report to be published this week by the Monopolies and Mergers Commission.

The report took some five months to prepare. It is the first to be published under the Government's new Competition Act, which became law in April.

Similar investigations are being carried out by the commission into electricity and water supplies, as part of the Government's plans for tighter control of the nationalised industries.

The commission's investigation of British Rail's South-East commuter services — which carry about 38 per cent of all London's 1m daily commuters —is understood to echo many of the findings of previous Government statistics.

The commission is believed to have concluded that the quality of commuter services has deteriorated as a result of inefficiencies and over-manning.

The report includes detailed proposals on efficiency and manpower productivity which it believes would improve the existing service to commuters.

But the commission also shows some sympathy to British Rail for the difficulties inherent in the necessity to run a basically uneconomical commuter service in order to satisfy the peaks in demand.

Mr. John Nott, Trade Secretary, is likely to ask the Director General of Fair Trading to open talks with British Rail about the commission's findings.

Railway service disrupted by woodworm infestation

FINANCIAL TIMES REPORTER

BRITISH RAIL plans to withdraw rail services using the Barmouth viaduct in North Wales from October 12 because the wooden structure is threatened by woodworm.

The closure of the viaduct to rail traffic is likely to last until the spring. The closure follows the discovery earlier this year of woodworm in the 75-year-old timbers of the viaduct.

Meanwhile, British Rail plans to maintain rail links along the North Wales coast by means of a bus service between stations.

The decision to close the viaduct was taken because of the failure of extensive sampling procedures over the summer to establish how far the viaduct has been infested.

British Rail plans one further attempt using a "patent sonic system" to establish the woodworm's hold on the timbers. But its engineers believe that parts of the timber piles will have to be removed to facilitate accurate sampling.

● The first hybrid "railbus" to be ordered from British Rail and Leyland Vehicles is to be delivered to the U.S. Federal Railroad Administration next month, eight months after the end of test trials in Boston.

It combines features of the single-deck Leyland National buses for the body with rail technology for the steel wheels.

The 45 ft body was designed and built by Leyland at Workington, using standard mass-produced components made for the bus industry. Leyland also supplied the six-cylinder diesel main power unit which gives the vehicle a top speed of 100 mph.

British Rail Research developed the original "light experimental vehicle" at Derby.

More companies will sponsor classical music

CORPORATE sponsorship of classical concerts has been boosted by three more companies announcing plans in addition to the £600,000 sponsorship deal announced last month by BAT Industries.

The three new companies in the field are the Laskys hi-fi retail chain, American Express, and the Bristol-based wine merchants John Harvey and Sons.

Laskys are sponsoring, at a cost of £8,000, two concerts by the Royal Philharmonic Orchestra at the Royal Festival Hall next month.

The American Express sponsorship is for a send-off concert for the London Symphony Orchestra.

John Harvey and Sons is sponsoring a total of 22 concerts until April next year of the Bournemouth Symphony and Sinfonietta orchestras.

Footwear sales stride ahead

By James McDonald

THE AVERAGE Briton owns seven pairs of shoes, boots or slippers and buys at least three new pairs a year, according to a nationwide Gallup Poll survey published today by the British Footwear Manufacturers Federation.

Women are responsible for raising the national average to seven pairs—they average eight pairs, while the average man owns six pairs.

Publication of the survey coincides with the opening of the British International Footwear Fair at Olympia, London, where manufacturers, retailers and overseas buyers will be deciding what footwear will be in the shops next year.

The survey, based on 1,000 people aged 16 and over, shows half the population owns between three and six pairs of footwear each, while 10 per cent owns 13 or more pairs. Ten per cent of Londoners own 15 or more pairs—one of the highest ownership totals in Britain.

The need for comfort emerged as the main factor influencing the purchase of footwear, 60 per cent voting it as most important. Price came second (21 per cent) and style and fashion third (17 per cent).

Young people—16 to 24 years old—rate comfort as important as appearance. Price came well down the scale on their list of priorities. The young are less likely than their elders to know which country their shoes come from, but they have their shoes repaired more than any other age group.

Disposable—or everlasting —shoes see into have come into their own. The survey shows that over half the population claims never to have their shoes repaired or cannot recall when they last visited a cobbler.

● *ONLY TWO British homes in every 100 are now without television, while 28 per cent of homes have two sets and 5 per cent have three or more receivers.*

These are among the findings of a survey last spring by NOP Market Research, which sampled more than 8,000 households and individuals in England, Scotland and Wales.

The market for purchase or renting has been buoyant for the past four years, the survey says. During this period, 52 per cent of receivers were hired.

Treasury faces money control challenge

David Marsh previews the discussions which could change Britain's financial policy

FOR A dedicated group of stockbrokers, academics and banking economists, today is the monetary equivalent of High Noon.

The ecclesiastical surroundings of Church House, Westminster, will be the venue for a behind-closed-doors conference between 40 financial experts from the private sector and a team of ten monetary brains from the Bank of England and Treasury.

The visionaries from the City and their acolytes from the more cloistered world of academia will be crossing swords with the Government's monetary high priests on the vexed subject of how to control the money supply and lead the country to economic salvation.

The seminar is the climax to six months of debate on whether the money supply would be better regulated by moving to a new system of monetary base control.

Ideas for a change were set out by the Bank and Treasury in a joint consultative paper in March. Under the monetary base system, the Bank of England would move away from a policy of controlling interest rates towards regulating the monetary base—the volume of notes and coins in circulation plus the level of banks' reserves held at the Bank of England.

The Bank and Treasury are holding the conference to cull together views from outside financial experts on whether a new system would be either practicable or desirable. Because they feared losing their discretionary ability to move interest rates, the Bank and Treasury in March showed themselves reluctant to move to a full-blooded monetary base system.

Under this method, only the level of bank reserves in the economy would be directly controlled, leaving interest rates to fluctuate more or less freely.

But the big surge in money supply since the abolition of the Government's "corset" controls in June has heightened the interest of some economic Ministers in moving to a new system.

Mrs. Margaret Thatcher herself appears to have become more enthusiastic about the monetary base method following a summer holiday meeting in Switzerland with Professor Karl Brunner, the Swiss American monetarist who favours base control. Significantly, Professor Brunner is being invited—along with some other foreign academics, and central bank officials from the West German Bundesbank, the Swiss National Bank and possibly the U.S. Federal Reserve—to a discussion meeting at the Bank of England tomorrow.

There is still, however, a considerable amount of scepticism about the base method. One monetary official commented last week: "The past few months' events have strengthened the band of those who said that present money supply control methods were not viable. But these events tell us nothing about whether an alternative system would be better."

Other commentators have pointed out that Mrs. Thatcher's apparent support for the monetary base for the freely-moving interest rates does not square with her well-known dislike for higher mortgage rates. The Bank of England has had to intervene this year on the money market to keep interest rates from rising. But had the authorities been following a strict monetary base method earlier this year, there would have been no barrier to interest rates moving still higher than they already have.

There is no set timetable for a decision. But the authorities will have to make up their minds on the monetary base system fairly soon. A decision could be made in the second half of next month, and could be made public at around the same time as the Treasury announces its economic forecasts and the new monetary target for the next 12 months.

These announcements are expected in late October or early November.

The most likely bet in the City is that the monetary base proposals will be quietly dropped, although there may be some interest in monitoring the base to use it purely as an indicator of when interest rates might be moved.

Now that most of the post-corset distortions have been reflected in the money supply, and the monetary aggregates will anyway be dampened over the next few months by the recession, the present might not be a good time for far-reaching changes.

One participant from the City who will be attending today's meeting put it this way: "It looks like we will be attending the funeral rites for the monetary corpse—and the Bank of England will be obsequious mourners."

EEC to investigate public house agreements

By Gareth Griffiths

THE LINK between breweries and their 50,000 tied public houses is being investigated by the EEC Commission, which was told last week that public house licensees want considerable changes in the way the present system works.

A delegation from the National Union of Licensed Victuallers, (NULV) which went to the Commission's Competition Directorate last Thursday, said the EEC should press for the abolition of tied agreements on everything except beer.

At present, tied-house tenants have to accept a package of services from the brewers, including specified spirits and wines. The 30,000-strong NULV is worried tenants are loosing their competitiveness because of the brewers' restrictions.

The NULV delegation told the Commission it was worried about the extent to which brewery loans to clubs had undercut the position of brewery tenants.

The association also wants an investigation into the growing difference between beer prices in the take-home trade, mainly supermarkets, and prices across the bar.

The Competition Directorate has been examining the links between European drinks producers and retailers for the past two years, although it has concentrated recently on the tied-house system in England and Wales.

Further talks between the Directorate and the NULV are planned for December when a survey on the tied-house system will be presented by the NULV.

Morale among public-house licensees is very low at present. Beer sales this year are down overall by 2 per cent, but this figure masks considerable variations.

Beer sales in many public houses are down by between 10 per cent and 20 per cent, and the brewers have faced strong tenant criticism for price and rent rises.

Elinor Goodman at the Labour Party Conference

Williams warns left over EEC

THE PROSPECT of this week's Labour Conference hastening a permanent rift in the Party increased yesterday as Mrs. Shirley Williams put a price on her continued support for the party.

She would not, she warned, be able to stay in the party if it committed itself to unconditional withdrawal from the Common Market.

Mrs. Williams, one of Labour's biggest electoral assets, also said she would be forced to leave if rank and file attempts to mandate MPs on matters of conscience, such as abortion, were successful. That, she said, quoting Clement Attlee, would be "halfway to dictatorship."

Mrs. Williams insisted it was irrelevant whether she quit the Party but warned that if she, and people like her, left, many others would also leave. Again, however, she dismissed the prospect of any new centre party emerging.

Mrs. Williams, who with Dr. David Owen and Mr. Bill Rodgers has led the Right's increasingly militant campaign against the Left for the last nine months, also repeated her opposition to the Left's demands for changes to the Party's constitution.

But she did not make defeating these demands a definite condition of her continued participation in the Party.

Her warning, on ITV's Weekend World, came as delegates started arriving in Blackpool for a conference which could decide who controls the Party. It provoked an immediate angry response from Left-wingers who privately accused her of disloyalty.

They predicted that she could well live to regret going out on a limb in such a way.

Some moderates also felt she had gone too far and that her threat was unnecessary as the Party leadership looks set to successfully fend off the Left's attempts to change the way the Party leader is elected and the manifesto drafted this year.

But Mrs. Williams' views reflect the serious concern on the Right that although it may win on the constitutional issues by obtaining the necessary union votes, it could lose on the important policy issues, such as the Common Market and defence.

Mrs. Williams has already warned that this year's conference could precipitate a split in the Party if the Left gets its way.

But her warning yesterday was the most explicit yet to come from the Right. Even so, it was probably sufficiently vague to make it just possible for her to stay in the party if this week's conference succeeds—as seems likely—in strengthening the party's opposition to the EE Cand carries the resolution calling on Labour to include withdrawal from the EEC as a "priority" in the next manifesto.

The real clash would therefore come when Labour starts drafting its next manifesto. Partly for this reason, Mrs. Williams implied that the question of who should control the contents of the manifesto was the most important constitutional issue at stake next week.

Asked what would finally cause her to break with the party, Mrs. Williams said that if Labour decided that it would have nothing to do with the European Community, and to withdraw from it, then this would be "such a long step" from the kind of internationalism she believed in that she would have to leave the party.

Mrs. Williams repeatedly stressed that she hoped she would be able to continue in the Party. She could not see any other party — either in existence or on the horizon which she would like to join. "The Labour Party is my party," she said.

Behind this assertion is the belief of Labour moderates that they represent true Labour Party ideals and that the Left is risking isolating itself from mainstream Labour thinking.

Mrs. Williams has been a leading campaigner against the constitutional changes demanded by the Left but yesterday she said it was too soon to say what she would do if these changes were carried.

She stressed, however, that she was "deeply concerned" about the issues. There were "very grave dangers" in establishing party control directly over elected members of either a council or Parliament.

In particular, she was appalled by attempts to mandate MPs on matters of conscience. "If the party moved away from the channels of political democracy then I would find it impossible to stay."

Later, Dr. Owen used a slightly more low-key tactic to attack demands for Labour to adopt a policy of all-out opposition to the Market.

At a meeting of the Labour Committee for Europe, he said it would be irresponsible to commit the Party now to including a commitment to withdrawing from the Market in its next election manifesto.

"To predict in 1980 what the Community will look like in 1984 is absurd," and would be "about the most negative backward-looking posture that a major political party could possibly choose to saddle itself with."

Reformers hit at Healey

By Our Lobby Staff

THE SPECTRE of Denis Healey being elected leader of the Labour Party was held out yesterday—by the prime movers of the campaign to take away the exclusive rights of MPs to vote for the leader—as the best reason for changing the present rules for the leadership election.

Mr. Healey's record, the Campaign for Labour Democracy said in a special conference addition of its newsletter, spoke for itself. That such a figure should emerge as the front runner for the leadership was an indictment of the Parliamentary party, it claimed.

The warning came as Mr. Anthony Wedgwood Benn made another plea to the big unions to give the Left the support it needs to get the rules changed at this week's conference.

Finance row resolved

LABOUR'S National Executive Committee managed to patch up its differeoces with the party's political paymasters, the unions, yesterday at a special joint meeting held to avert a public clash at conference.

The executive agreed to consider a union demand for the appointment of a finaoce director, and to discuss with the unions at a later date some of the issues which bad caused such friction on Friday. It was then that the executive first beard of the proposals for a special fund from trade unionists for a Labour victory.

At Friday's meeting, the national executive reacted angrily to what it interpreted as union demands to impose controls over the way money given to the party is spent. Mr. James Callaghan and Mr. Anthony Wedgwood Benn joioed in an unusual alliance to argue against the proposals. The party treasurer was told to make it clear that, while Labour badly needed the money, the party was not prepared to accept it with strings.

To try to defuse the situation, a special joint meeting of the executive was called for yesterday morning. Both sides attending seemed anxious to avoid the embarrassment of the executive being defeated by the unions at conference. They settled for a comfortable interpretation of events — that there bad been a misunderstanding. Mr. David Basnett, the chairman of TULV, said that the idea for a special fund, financed by those unions which could afford an additional increase in affiliation fees, was aimed at helping the party by providing a new special drawing right. It was not, he insisted, an attempt to impose the unions' financial priorities on the party.

Call for removal of chief constable

THE HALDANE Society of Socialist Lawyers has called for the removal of Mr. James Anderton, the chief constable of Greater Manchester.

"He has shown himself to be, in our view, unfit to hold his powerful and sensitive office," the society said, in response to Mr. Anderton's remarks condemning the "anti-establishment" race relations industry.

"Moreover, his insulting remarks about those seeking to improve race relations are bound to worsen the position between ethnic minorities and the police.

"While condemning everyone else, Anderton refused to recognise that the existence of racism in sections of the police force is one of the problems that needs to be tackled," said the society.

Mr. Anderton has also been denounced by Miss Joan Lestor, a Labour MP.

Miss Lestor, chairman of the Labour Party Race Relations Sub-Committee said: "The increased radicalism and assertiveness of some people involved in race relations is a direct response to their feeling that the problems of discrimination and prejudice are becoming institutionalised in our society.

"If this is regarded as anti-establishment, as Mr. Anderton implies, then the establishment should look at itself," Miss Lestor, MP for Eton and Slough said.

"The facts are that there has been a great deal of talking about racial equality but very little real action. I hope his attitude is not typical of senior people in the police force because it will do nothing to dispel the belief among many young blacks that the police are not on their side."

● Top police officers are secretly pressing for armed "supercops" trained in dealing with public disorder, claimed Mr. Michael Meecher, Labour MP for Oldham West.

"They want equipment including riot guns, plastic bullets and flak jackets so that disorder at any level of intensity could be countered," he said yesterday.

Mr. Meacher, an outspoken campaigner on police issues, was speaking at a conference on "Contemporary issues and research on the police" at the University of Surrey, Guildford.

He said the number of policemen "trained in the new technology of violence" was already large, and the number of times guns were issued to police was increasing sharply.

The Association of Chief Police Officers has officially continued to support more traditional methods but an influential group of senior officers has been "pressing the case for taking the logic of 'fire brigade' police yet further.

"The image of the unarmed British bobby is now a myth," said Mr. Meacher.

Fears of more job losses

By Elaine Williams

JOB prospects are likely to worsen until Christmas, says a report publisbad today by Manpower, the employment agency group.

A survey of more than 1,500 major companies shows that nearly 30 per cent expect to cutback on their staff in the next three months.

Manpower says the worst hit area will be the public sector, which includes local government, public building and the gas, water and electricity companies, where 41 per cent of employers say further jobs will be lost.

Employers feel that any upturn in demand in the economy will now be delayed until well into 1981, Manpower says.

"All sectors of the economy are now gravely affected by the unrelieved decline in consumer spending and forward investment," it says.

Even the hotels caterers, retailers and distributive industries, which normally recruit actively during the pre-Christmas season are predicting lower staffing levels and fewer new job opportunities.

Prison pay up

EARNINGS OF prisoners in England and Wales are being increased from October 6. Prisoners on the flat rate scheme may then earn, without overtime, up to £2.05p per week instead of up to £1.74p, while the maximum for those on incentive schemes will rise from £3.32p to £3.85p per week.

Analysis of bank advances and acceptances

to UK resideots by banks in the UK at August 20, 1980; as Table 5 in the Bank of England Quarterly Bulletin.

£m

		ADVANCES & ACCEPTANCES TO UK RESIDENTS Total	of which in sterling	of which in foreign currencies	FINANCIAL Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1980 May 21	26,041	24,862	1,180	2,011	1,786	197	832	982
	Aug. 20	28,009	26,794	1,215	2,051	1,824	217	845	989
Scottish clearing banks	1980 May 21	3,450	3,214	236	346	294	116	79	151
	Aug. 20	3,689	3,441	248	334	238	114	79	142
Northero Ireland banks	1980 May 21	849	848	1	43	43	3	25	16
	Aug. 20	886	885	1	35	34	2	27	6
All banks	1980 May 21	60,308	49,352	10,956	10,023	7,264	2,267	2,252	5,503
	Aug. 20¶	63,563	52,455	11,108	10,202	7,371	2,326	2,227	5,649
of which in sterling	1980 May 21	49,352			7,264		2,212	1,947	3,104
	Ang. 20¶	52,455			7,371		2,247	1,944	3,179
Changes: in sterling	1980 Feb./May	+2,563			+436		+329	+ 22	+ 87
	May/Aug.¶	+3,135			+127		+ 51	− 3	+ 79
in foreign currencies adjusted for exchange rate effects§	1980 Feb./May	+ 306			− 30		+ 15	+ 17	− 62
	May/Aug.	+ 334			+121		+ 25	− 18	+115

		MANUFACTURING Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1980 May 21	7,309	6,991	919	758	439	654	1,736	435	316	693	1,359
	Aug. 20	8,216	7,866	1,085	766	503	714	1,970	433	471	735	1,540
Scottish clearing banks	1980 May 21	811	787	180	48	44	38	131	145	19	82	125
	Aog. 20	868	839	228	45	48	39	145	135	15	73	141
Northern Ireland banks‡	1980 May 21	130	130	30	—	—	—	41	—	—	26	32
	Aug. 20	147	146	33	—	—	—	45	—	—	31	37
All banks	1980 May 21	16,878	13,889	2,726	2,889	892	1,384	3,044	648	932	1,248	2,915
	Aug. 20¶	18,010	14,987	3,078	2,689	1,009	1,577	3,350	661	1,247	1,254	3,145
of which in sterling	1980 May 21	13,889	—	2,189	2,073	776	1,187	2,650	622	857	1,143	2,393
	Aug. 20¶	14,987	—	2,344	1,983	885	1,370	2,895	624	1,141	1,132	2,615
Changes: in sterling	1980 Feb./May	+ 688	—	+152	+163	+ 12	+ 4	− 33	+ 34	+153	+ 96	+107
	May/Aug.¶	+ 1,110	—	+160	− 90	+109	+186	+244	+ 3	+284	− 11	+224
in foreign currencies adjusted for exchange rate effects§	1980 Feb./May	+ 218	—	+110	− 46	− 7	+ 45	+ 48	− 9	+ 4	− 1	− 73
	May/Aug.	+ 279	—	+208	− 98	+ 9	+ 13	+ 66	+ 11	+ 33	+ 19	+ 17
Advances only All banks	1980 May 21	14,482	11,723	2,280	2,560	696	1,163	2,768	634	692	1,063	2,623
	Aug. 20	16,341	13,339	2,733	2,466	845	1,433	3,139	649	970	1,145	2,959

		OTHER PRODUCTION Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	PERSONS Total persons	of which in sterling	For house purchase	Other
London clearing banks	1980 May 21	3,667	3,637	1,992	188	1,487	5,479	5,474	1,723	3,756
	Ang. 20	3,937	3,901	2,207	211	1,519	5,881	5,875	1,848	4,033
Scottish clearing banks	1980 May 21	745	697	552	60	133	576	574	176	400
	Aug. 20	833	774	816	74	141	817	613	191	425
Northern Ireland banks	1980 May 21	236	236	173	5	57	183	182	44	139
	Aug. 20	248	248	183	5	60	185	185	49	136
All banks	1980 May 21	6,775	5,849	2,847	1,588	2,340	8,138	8,112	2,454	5,684
	Aug. 20	7,170	6,264	3,140	1,642	2,388	8,689	8,666	2,635	6,055
of which in sterling	1980 May 21	5,849		2,825	787	2,237	8,112		2,451	5,661
	Aug. 20	6,264		3,119	849	2,297	8,666		2,631	6,034
Changes: in sterling	1980 Feb./May	+ 280		+173	+ 3	+104	+407		+102	+305
	May/Aug.	+ 415		+294	+ 61	+ 60	+554		+180	+373
in foreign currencies adjusted for exchange rate effects§	1980 Feb./May	+ 126		+ 5	+ 95	+ 25	+ 7		+ 2	+ 6
	May/Aug.	− 3		—	+ 8	− 11	− 2		—	− 2

		SERVICES Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
Loodon clearing banks	1980 May 21	7,575	6,974	599	585	118	1,673	1,388	3,214
	Aug. 20	7,924	7,327	581	638	119	1,769	1,471	3,345
Scottish clearing banks	1980 May 21	972	862	139	84	73	169	139	367
	Aug. 20	1,037	926	142	82	98	163	147	406
Northern Ireland banks‡	1980 May 21	257	257		15	8	99	44	92
	Aug. 20	271	271		21	9	103	45	94
All banks	1980 May 21	18,694	14,238	1,949	2,126	1,323	2,626	4,339	6,330
	Aug. 20	19,494	15,168	1,882	2,097	1,506	2,753	4,470	6,786
of which in sterling	1980 May 21	14,238		1,223	371	1,311	2,599	2,889	5,844
	Aug. 20	15,168		1,210	388	1,497	2,729	3,014	6,330
Changes: in sterling	1980 Feb./May	+ 752		+ 22	−137	+231	+324	− 26	+337
	May/Aug.	+ 930		− 13	+ 17	+186	+130	+125	+485
in foreign currencies adjusted for exchange rate effects§	1980 Feb./May	− 18		+ 78	− 55	− 20	+ 1	−213	+193
	May/Aug.	— 61		− 41	− 16	− 2	− 3	+ 23	− 21

† Including lending uoder special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and alliad industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies. ¶ Three contributors bave been excluded from the series in the August 1980 levels of total and "Other British banks," but the cbanges are unaffected by their exclusion.

INSURANCE

The problem of borderline risks

BY OUR INSURANCE CORRESPONDENT

LOCATION of risk—the place where the car is garaged, the district where home or business is situated — has long been a factor in the rating of many kinds of personal and commercial insurance risks.

At one time, use of location as a rating factor depended on the underwriter's personal knowledge, perhaps developed in the first instance from prejudice, but undoubtedly nurtured hy the claims submitted.

But in the years since the war insurers have been able to amass statistics both individually and for certain classes of business on a market basis.

Today, at small cost in computer time (and possibly in the next few years with the activation of a few micro chips) comparisons can be made of the claims cost of household contents insurance in Blackpool, Basingstoke and Bromley to see whether differential rating is required.

One of the problems of using the location yardstick is that of definition. Nothing is perfect —motor insurers use postal districts, town and county boundaries, or draw their own lines on maps—crime insurers draw circles of predetermined radii around towns, sweeping all risks within those circles at higher rates.

But wherever the line is drawn for whatever class of insurance, there must be borderline cases, where one neighbour pays more because he is on the fortunate side of the rating line.

There is a practical limitation on the number of district rating categories which each insurer uses for any particular class of business — and for modern administrative reasons it is not possible to shade down rate at the perimeter of one area so it merges imperceptibly into the next.

Whether we like it or not, all of us privately and commercially, have our own personal, readily identifiable district rating label. Whether we use it or ignore it, we each have our postcode and it is being used more and more by insurers to sort their risks in the light of known claims experience.

Postcode directories are available at post offices, so insurers have no problem getting postcodes of policyholders who do not provide the information. If need be, lists of policyholders' addresses can be sent to commercial bureaux who will fill in missing postcodes, for a fee, from post office records.

Postcodes used for sorting risks, private car, home contents or commercial crime loss, can be more finely tuned than any other location identification so far devised. In theory, depending on the degree of computer programming undertaken it should be possible for insurers to find out whether houses in a few particular streets, in what appears to be a high crime area, are as hazardous as intuition or local rapute suggests.

But postcoding cannot remove borderline anomalies, cannot placate the neighbour who pays a higher premium simply because the line has to be drawn somewhere.

Modern rating is necessarily black and white in character — perhaps the microchip will eventually allow the introduction of shades of grey.

Further 650 job losses sought by Port of London

BY NICK GARNETT AND CHRISTIAN TYLER

THE Port of London Authority is seeking 650 more job losses this year, on top of already planned manpower cuts, as a result of an expected year-end loss of £15m.

The authority has told its unions that it expects the year-end loss—worse than expected—to be made up of £12½m on trading and £2½m on severance payments.

The Port, partly as a result of the recession, had a £1½m trading loss in a three-week period in August alone. This has forced the management to try to obtain agreement on a faster programme of job cuts.

The current agreement with the unions involves 1,800 job losses through voluntary severance in the current year. About 1,600 workers have so far gone under this programme.

On top of the 200 voluntary severances still to be obtained in the programme the management wants agreement on a further 400 staff redundancies and 250 in the manual labour force.

The management says there have been 1,000 applicants for white collar severance and hopes the recently agreed increase in national dock severance payments will make severance more attractive.

The new job cuts plan put into further question the continuation of the two enclosed upper dock systems.

The authority is understood not to have raised this issue with the unions in discussions over the past few days.

The unions have been resisting the closures although the India and Millwall docks are now shut to conventional general cargo.

With union agreement, the authority has cut its workforce—which accounts for about 70 per cent of costs—from 10,000 to about 6,700 in the past two years.

The expected loss this year is covered by the Government's agreement to honour the previous administration's cash support commitments with up to £70m support for the London docks.

But the Government has said there would be no more money beyond that, and a further acceleration of manpower cuts —which could meet union opposition, — is seen by the PLA as necessary to give more elbow room for the downstream docks to capture trade.

South Wales laggers' row grows

By Our Labour Staff

THE construction section of the Amalgamated Union of Engineering Workers said yesterday that a dispute over laggers at a South Wales petrochemical construction site was now turning into one as serious as the Isle of Grain.

The General and Municipal Workers' Union has issued a letter to its members in the area advising them that if necessary they should take out membership in another union —while keeping their GMWU membership—in order to take employment as laggers at the Milford Haven site.

Mr. John Baldwin, the AUEW construction section's general secretary, said yesterday that following the breakdown of negotiations between main contractors and members of the Thermal Insulation Contractors Association, at Milford Haven, on the terms for lagging work the contractors approached the craft unions.

They were asked and agreed to extend the influence of their own site agreement to cover lagging. Since the laggers have been recruited from these craft unions which, at the Isle of Grain have been supplying replacement laggers for those traditionally supplied by the GMWU membership.

The GMWU letter, written by Mr. Frank Cottam, the union's national officer dealing with the Isle of Grain dispute, says the union needs members on the Milford Haven site in order to know what was happening and to place them in a strategic position in case industrial action was called.

Part of the intention is apparently to show that its members have to take out membership in other unions to obtain jobs on the site.

Mr. Baldwin said yesterday though that GMWU laggers could get jobs on the site without having to take out membership in other unions.

The GMWU has asked for a meeting with Mr. Baldwin to discuss Milford Haven.

Rescue plan for Ayrshire Marine yard

By John Lloyd, Labour Correspondent

A PLAN to save the Ayrshire Marine construction yard on the Firth of Clyde from closure will be presented to the 900-strong workforce at a mass meeting in Irvine today.

The yard's owner, the U.S. company Chicago Bridge and Iron, had said previously it would close the yard following allegations of low productivity and a three-week strike.

The yard is working on the bottom structure of a £60m oil rig for Phillips Petroleum. Phillips had said it would take the work elsewhere, probably to Holland.

However, the company met Mr. James Murray, general secretary-elect of the Boilermakers' Society, and Mr. Ken Baker, national officer with responsibility for shipbuilding in the General and Municipal Workers' Union, last week and laid down a series of conditions under which the yard could remain open.

It is believed these conditions include radical changes in work practices, though neither the company nor union officials would comment on them last night.

ASTMS' forecast

THE index of average earnings will register an increase of 16 per cent by September next year, the Association of Scientific, Technical and Managerial Staffs predicts in its quarterly economic review published today.

The rate of increase in average earnings will match price inflation for the next six months, this will be offset, from the unions' point of view, by falling employment and increased tax on incomes, the review predicts.

It also forecasts a fall in consumer spending of 1½ per cent this year, a drop in industrial production of 5 per cent over 1979 and a fall in non-North Sea oil profits of about 10 per cent for the year.

Bank union outlines constitution plans

BY NICK GARNETT, LABOUR STAFF

CONSTITUTIONAL changes which will allow the Clearing Bank Union to recruit in the two English clearing banks in which it bas no membership are expected to be agreed in November at the union's annual conference.

The move, which Mr. Jack Britz, general secretary, views as a legitimate way of extending the union's membership and influence, is likely to further entrench the sour inter-union relations within the English clearers.

The constitutional changes involve setting up office branches. This will allow the CBU to recruit staff at the Midland and Williams and Glyn's.

At the moment, staff can only join the CBU by becoming members of one of its three component staff bodies operating in Barclays, Lloyds and National Westminster.

The Banking, Insurance and Finance Union has membership —and is recognised in—all the five banks. It is the sole negotiator at Williams and Glyn's and has negotiating rights along with the Association of Scientific, Technical and Managerial Staffs at the Midland.

The BIFU's membership within the clearers is about 70,000. The CBU's is about 90,000 in the three banks in which it organises. The CBU says, however, it bas gained 3,500 members since its formation out of the old staff associations in August.

The BIFU has been angered by an apparent attempt by CBU to claim sole negotiating rights in those banks where it is represented together with encroaching into other banks where it has no membership. This, the BIFU says, will upset industrial relations. The CBU says it is only attempting to do the same as the BIFU.

Several dozen staff at Midland and Williams and Glyn's have approached the CBU about taking membership. The CBU has been forced, so far, to restrict itself to issuing them with magazines and other material.

The CBU leadership feels it should tread quietly in any expansion into the two clearers where it does not currently organise.

The failure to agree a common national negotiating structure for the clearers, because of disagreements between the BIFU and the CBU, is already affecting talks on updating evaluation.

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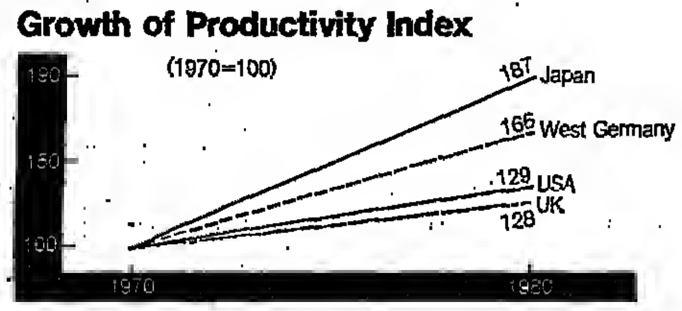
THE KEYS TO UNDERSTANDING JAPAN'S ECONOMIC GROWTH

GROWTH POTENTIAL

- High savings ratio
- High plant and equipment investment/GNP ratio
- High productivity

Growth of Productivity Index



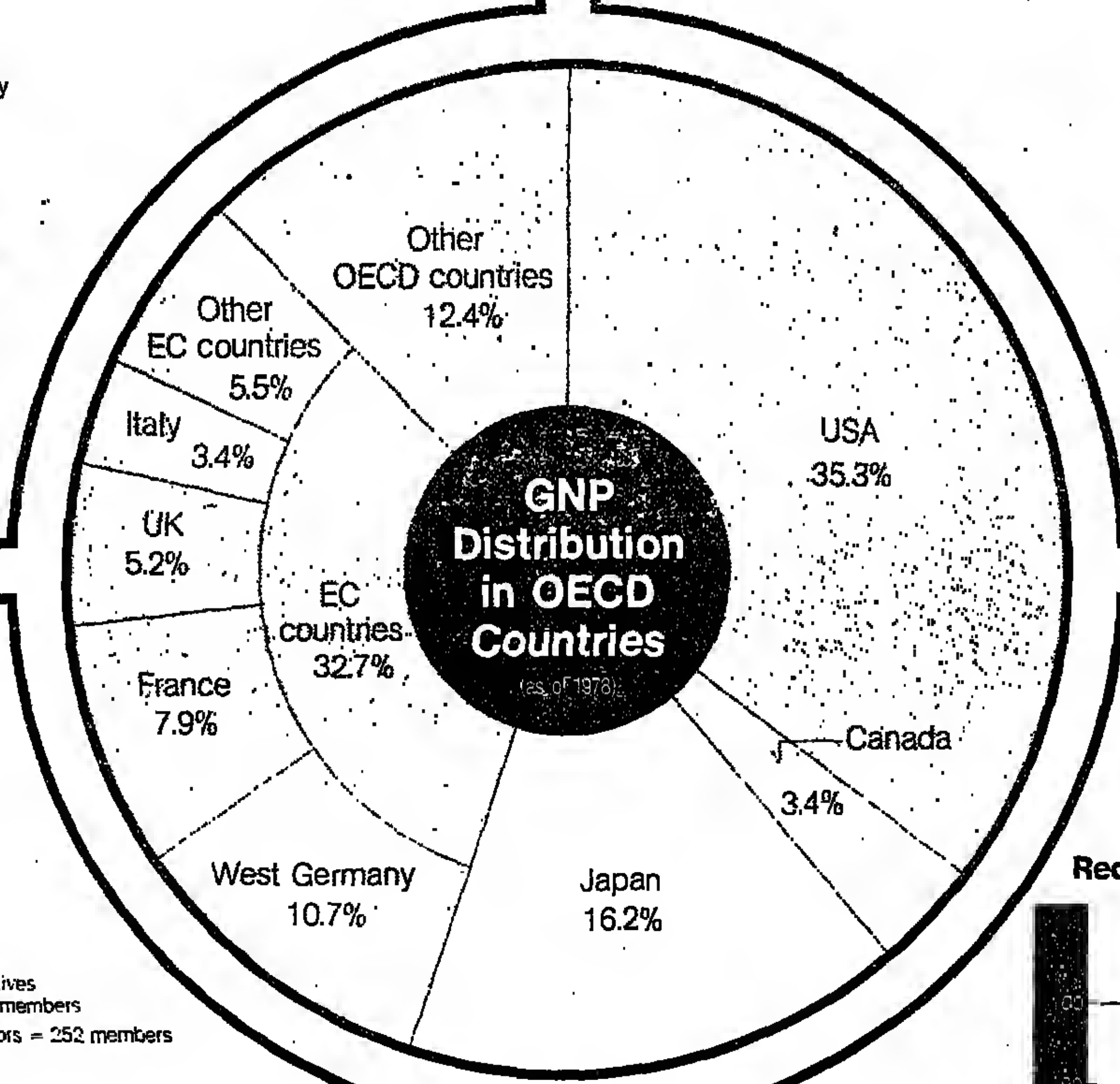
The Japanese industries have faced a number of economic difficulties in recent years—the energy crises, economic stagflation, the yen appreciation, and so on. Continuing efforts to increase productivity through various rationalizations have allowed Japan to maintain its highest labor productivity in the world.

SOCIAL FACTORS

- Effective management
- Good labor-management relations
- High worker morale
- High level of education
- Good government/business cooperation

High Level of Education (% of College Graduates)

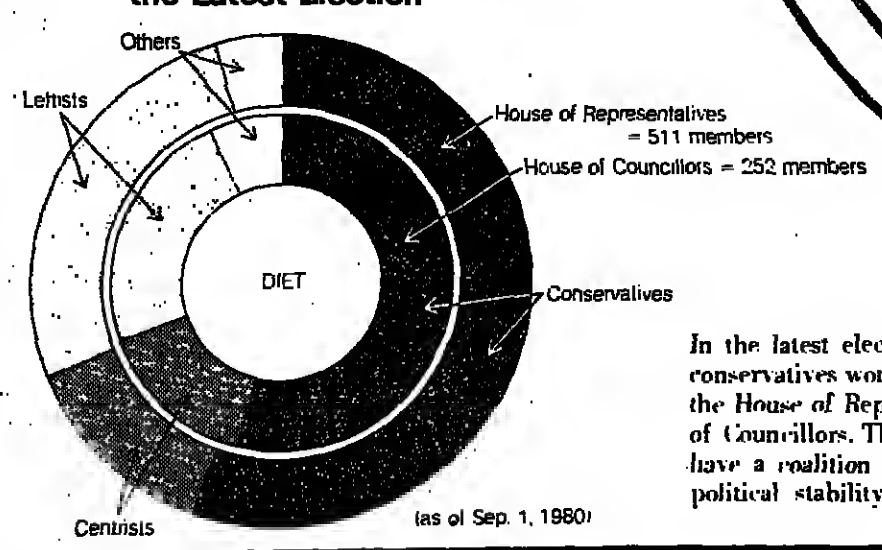
The labor force in Japan is both highly educated and well-trained. Such skilled labor contributes greatly to the production of high quality goods.



POLITICAL STABILITY

- Stable conservative government
- Growing importance in world economy

Political Distribution after the Latest Election

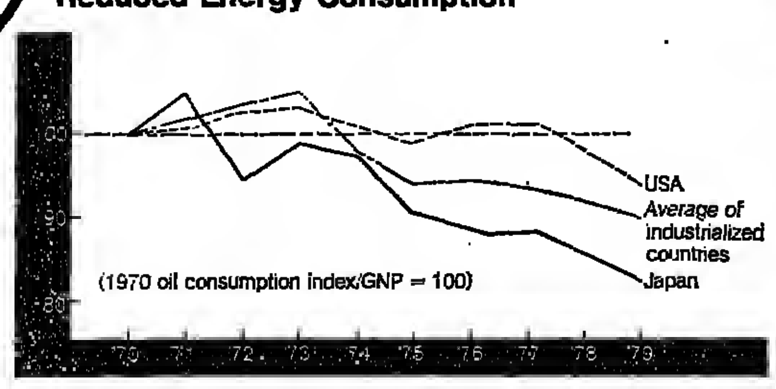


In the latest election, held in July 1980, the conservatives won decisive majorities in both the House of Representatives and the House of Councillors. The fact that Japan does not have a coalition government assures its political stability.

ENERGY EFFICIENCY

- High energy-saving consciousness (Target: 7% saving per year)
- High degree of energy-saving technologies

Reduced Energy Consumption



For the last few years, Japan's industries have made strenuous efforts to save energy. These energy conservation efforts have been quite successful, with the result that Japan now gets maximum production at minimum costs.

(Source: NRI)

Timely information is more important today than it has ever been before. Nomura recognized this importance years ago and began to gather, categorize, and systematize a lot of information.

Research, of course, is an important source of information. And Nomura was the first Japanese company to have an internal research department.

To analyze collected information, Nomura established the Nomura Research Institute (NRI) in 1965. NRI has accumulated information on technical and engineering innovations, social structures and systems, environmental systems and businesses' overseas projects. NRI also researches and forecasts both domestic and international economic outlooks in terms of the capital market. Nomura—a reliable expert in the financial world, ready to help your investments in Japan.

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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● DATA PROCESSING

Microfilm linked to computer

AS MIGHT perhaps be expected, Kodak is a great believer in the storage of data on film and with the inexorable advance of cheap electronic storage is bound to be looking for microfilm applications beyond those that are purely archival and where film is well established.

It may have found one in its latest approach in which the now customary on-line extraction of data from a disc store via a visual display unit (VDU) is backed up by retrieval of related original documents using 16 mm microfilm.

The approach will suit those organisations where significant source documents are employed and need to be rather frequently referred to by a VDU operator who is, for example, dealing with the public.

Kodak asserts that in banking and mail order companies in particular (it already has UK orders from undisclosed customers), disagreements of one kind or another often have to be resolved by reference to, say, the original order or financial document, a shipping document, bill of lading or an invoice. Constant and expensive continued reference to original paper can be avoided with the new Kodak system.

For the user there are four basic pieces of equipment: a microprocessor-controlled document recorder to produce the microfilm from original documents, a visual display unit, a microfilm reader and microfilm cartridge storage carousel.

While the documents are being filmed the microprocessor adds codes, compatible with data processing routines, which will allow the frames to be identified during retrieval. After batches have been recorded, paper copies are used by the data entry operator at the VDU to read off the identification codes and enter them at the same time that she is entering the customary data into the main computer databank.

When an inquiry gives rise to a need to see the original documents the operator will find that the necessary instructions appear on the screen at the same time as the normal customer data sent from the company computer. She is told which cartridge to choose from the carousel and plugs it into the reader.

A special interface unit connected at the VDU point effectively monitors everything sent to the VDU so that the appropriate instructions can be sent to the microfilm reader for it to drive the 16 mm film to the correct frame and display it. At a recent London demonstration the necessary document to support the basic VDU data was retrieved in 10 seconds or so.

The only software changes are those required to put into the data fields the control characters necessary to operate the microfilm frame location. This consists only of sub-routines added to the database and Kodak will supply systems programme documentation to enable this to be carried out easily.

Kodak is at Station Road, Hemel Hempstead, Herts HP1 1JU (0442 61122).

GEOFFREY CHARLISH

● PROCESSING

Puts the squeeze on seeds

A SMALL (40 kg/hour) screw press for turning sunflower and other seeds into oil and cattle cake has been devised by Simon-Rosedowns, Cannon Street, Hull HU2 0AD (0482 29864).

Called the Mini 40, the press is gravity-fed from an integral feed hopper and the standard power source is a 2.2 kW electric motor mounted on a base plate. An alternative power source can be used.

The company says the press is specifically aimed at the "village scale" operator and that it has been designed to operate on cold seed with minimum pre-treatment. In addition to providing press cake for animal feed purposes, the extracted oil when filtered can be used for cooking, it is stated.

● INSTRUMENTS

Measuring up to the task

THE SKILLED inspector of machined components, with his experienced eye, gauges and micrometer, could become a vanishing species when instruments like the Bendix Cordax 800 co-ordinate measuring machine are in general use in mechanical engineering.

Crown Windley, Beach's Drive, Chelmsford, Essex (0245 65111), which markets the Bendix machines in Britain, states that the 800 series have been completely redesigned to extend work-handling capability and increase accuracy of measurement. It is also claimed that intelligent semi-skilled people can be trained to use the Cordax efficiently in one day.

The most important feature of the 800 series is the new measurement pre-processor, which enables the operator to concentrate on checking the component and not to worry about data manipulation or the use of a pocket calculator. The compact measurement and pre-processor unit displays in illuminated figures the correct component co-ordinates as distinct from machine co-ordinates.

The figures are in front of the operator's eyes at all times, without the need for peripherals or print-out, and he has a direct read-out of component dimensions, in inches or decimals of an inch or in metric. He can change over from metric to inches or back again at the flick of a switch.

With 20 per cent greater measurement capacity than earlier models, the Cordax 800 has four Y-axis options and three Z-axis options. Altogether there are 27 machine configuration selections, including direct computer control options. The machine layout is designed for easy access to the workpiece being measured, and the self-cleaning serrated work table is claimed to be precision ground to close tolerances. Any number of series 800 machines can be interfaced to a control computer or to any other compatible peripheral.

The geometry of the machine is claimed to be maintained by a unique technique, using a combination of strain bars and push-pull devices in the X-axes and Y-axes. Linear accuracy is said to be plus or minus 0.007 mm in 1 metre, checked at mid-range of the axes using the electronic probe.

● PRINTING

The Response 300 in multi-console configuration, making it possible to process different jobs concurrently.

Automating text and artwork

THE AUTOMATION of the preparation of text and artwork for the press has been taken a long way by introduction of the Response 300 from SciTex.

While electronic aids for the various individual operations involved in prepress work have been available for years, SciTex claims its latest machine is the first to automate the entire prepress process.

The company is based in Israel and has been manufacturing computer aided design systems since 1968. The Response 300, is perhaps inevitably, computer based. Copy and artwork are processed by a scanner and the signals are fed through a special interface to a high speed minicomputer.

All the colours in the artwork can be taken in simultaneously, or through one separation colour per scan.

The images produced by the scanner are stored on a magnetic disc in digital form—they can be displayed, altered, amended, the colour can be corrected and the entire image assembled on the display screen.

According to SciTex: "An entirely filmless colour prepress department is now possible with the Response 300. Colour separation scanner stations, interactive colour consoles, and laser plotters can be connected in networks of desired sizes according to the balance of the different types of jobs to be processed by the user."

The machine has already been categorised "one of the 100 most significant new technical products of the year," by the U.S. magazine *Industrial Research*.

SciTex has a European office at 304, Avenue Louise, Bte. 4 1050 Brussels, Belgium. Tel: 640.46.00.

Enters the graphics

OFFERED BY Hewlett Packard is a new graphics tablet which can be used for entering graphics data into a system for CRT display, selecting from a menu to obtain specific graphics programs and moving a cursor on the screen to locate specific graphics features.

Known as the HP 9111A the tablet has an active working area of 237 x 301 mm including some user definable keys. The surface is ceramic, a lightweight stylus is employed and the unit has a programmable data transfer rate from one to 60 points per second to allow matching to the CRT refresh rate for smooth cursor movement. The tablet is compatible with a wide variety of the company's computers.

There are 16 "softkeys" embedded in the ceramic surface which cannot wear off, producing their programmed results when touched by the stylus.

The drawing area of the tablet allows line drawings, charts and so on to be entered, using a paper overlay, and stored for future use.

HP is at King Street Lane, Winnersh, Wokingham, Berks. (0734 784774).

● SONAR

Listening for echoes from the sea-bed

PUT ON the market by UDI Group of Aberdeen is a short range scanning sonar equipment with "extremely high" definition which should prove particularly suitable for navigation within offshore structures where the use of coded sea-bed transponders can aid in positive identification of areas of interest.

The surface control unit and display are contained within a single package measuring 400 x 350 x 280 mm; a nine-inch monitor is used with facilities for an external display unit or video recording facilities.

Microprocessor control is brought to bear in the control unit for scan conversion purposes, the result is a non-fade flicker free eight level grey scale picture in 625 or 525-line standards—as opposed to the conventional long persistence phosphor displays.

The picture can be held on the display after one complete scan while a chosen sector is refreshed—useful for diver tracking and guidance. A solid state store holds the scan and an area can be electronically selected for updating.

UDI Group, Bridge of Don Industrial Estate, Aberdeen AB2 8 EF (0224 703551).

● SECURITY

Table top X-ray

HAVING OVERALL dimensions of only 1,140 x 560 x 560 mm and weighing 136 kg, a table top X-ray security checking unit from Andrex NDT Products (UK) operates from a 13 amp socket and is compact and light enough to be set up easily wherever such a facility is needed.

It is particularly suitable for mail rooms, offices and even the entrances to buildings and provides a safe, direct view by X-ray of letters, parcels, attache cases and similar items.

Such packages can be screened by untrained staff in less than 10 seconds and if high throughput is involved Andrex can supply custom-built systems with conveyors and TV monitors.

Known as Mailsafe, the unit has a viewing screen size of 380 x 430 mm and is priced at £4,150 ex. VAT.

More from 12 Trafalgar Way, Bar Hill, Cambridge CB3 8SQ (0954 81616).

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	British International Footwear Fair (01-739 2071) (until October 1)	Olympia
Sept. 30-Oct. 5	International Home Improvements Show (01-486 1951)	Earls Court
Oct. 1-3	Textile Design Trade Show (01-839 8000)	Royal College of Art
Oct. 7-8	Bookmakers Show (07843 6255)	Bloomsbury Centre Hotel
Oct. 8	Petroleum Oil and Offshore Equipment Exbn. (01-637 3541)	Tree Tops Hotel, Aberdeen
Oct. 12-15	Junior Fashion Fair (01-636 1833)	Horticultural Halls
Oct. 14-16	Internepcon Conf. and Exbn. (01-390 0281)	Metropole Hall, Brighton
Oct. 14-17	Drive Electric Exhibition (01-834 2333)	Wembley Conference Centre
Oct. 14-17	Mailing Efficiency Exhibition (01-405 6233)	Cunard Int. Hotel, W6
Oct. 15-26	International Motor and Commercial Motor Show—trade days 15-16 (01-235 7000)	National Exhibition Centre, Birmingham
Oct. 21-23	Conference and Exhibition on Marine Transportation and Storage of Bulk Chemicals (0237 76363)	Royal Lancaster Hotel, London
Oct. 21-24	European Offshore and Petroleum Conference and Exhibition (01-486 1951)	Earls Court
Oct. 21-24	London Fashion Exhibition (01-385 1200)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Sept. 29-Oct. 2	VIDCOM — International Videocommunications Market (01-499 2317)	Cannes
Sept. 30-Oct. 4	International Exhibition of Machines and Processes for the Recycling of Waste Materials (Basle 061 262020)	Basle
Sept. 30-Oct. 4	International Fair for Machine Tools and Tools—INTERTOOL (01-540 1101)	Copenhagen
Oct. 2-13	International Motor Show (01-439 3964)	Paris
Oct. 8-9	Hydraulic Pneumatic and Transmission Exhibition (01-950 2207)	Lille
Oct. 9-15	International Exhibition for Instrumentation and Automation—INTERKAMA (01-409 0956)	Dusseldorf
Oct. 10-12	International Children's and Young Peoples Trade Fair (01-409 0956)	Cologne
Oct. 12-16	Fashion—Samples Fair—INTERCHIC (01-540 1101)	West Berlin
Oct. 14-18	Business Machines and Equipment Exhibition (01-486 1951)	Helsinki
Oct. 15-18	Electrical, Mechanical and Civil Engineering Exhibition (Dublin 763871)	Dublin
Oct. 18-22	International Exhibition of Women's Readymade Clothing (01-439 3964)	Paris
Oct. 19-23	Hotel Equipment and Catering Exbn. (01-584 4411)	Vienna
Oct. 22-24	Hong Kong Electronics Show (021-705 6707)	Hong Kong
Oct. 23-29	International Exhibition of Inventors and Novel Features (01-278 0281)	Brno

BUSINESS AND MANAGEMENT CONFERENCES

Current	AMD: Export Management (Windsor 56047) (until October 3)	St. John's College, Oxford
Sept. 29-30	AMR International: Positive Discipline (01-262 2732)	Café Royal, W1
Sept. 29-Oct. 2	Calus: Cost Engineering (0734 861101)	St. Anne's College, Oxford
Sept. 30	College of Marketing: Innovation 2—Evaluation and acquisition of new products, processes and technologies (06285 24922)	Café Royal, W1
Sept. 30-Oct. 2	CPT: Public Transport in the Eighties Conference (01-831 7546)	Edinburgh
Oct. 1	FT Conference Financial Futures for European Institutions (01-621 1355)	Hilton Hotel, W1
Oct. 2	CCC: Social Security Law—Timely Briefing for Non-specialist (01-222 6362)	London Int. Hotel, SW5
Oct. 2	Oyez: Getting the best from below-the-line (01-242 2481)	Hilton Hotel, W1
Oct. 6	Oyez: Why don't the British buy British? (01-242 2481)	Quaglino's, SW1
Oct. 6-7	UNCTAD: Containerisation and the Developing World (01-253 1323)	Hilton Hotel, W1
Oct. 6-10	Inst. Personnel Management: Selecting the Right Candidate (01-387 2844)	Whites Hotel, W2
Oct. 7	CAET: Company Law Up-date (01-580 7179)	Hotel Russell, WC2
Oct. 7-9	Inst. Civil Engineers: Coastal Discharges—engineering aspects and experience (01-222 7722)	1-7 Gt. George St., SW1
Oct. 8-10	Frost and Sullivan: Office Automation and the Integration of word processing and data processing (01-486 8377)	Imperial Hotel, Copenhagen
Oct. 8-10	Seminar Services International: Advanced International Tax Planning Symposium (01-370 3244)	International Hotel, Zurich
Oct. 8-10	Infotech: Which IBM Small Computer? (0628 39101)	Portman Hotel, W1
Oct. 9	Executant: Quality Circles—theory and application (0494 33171)	Crown Hotel, Harrogate
Oct. 9-10	AMD: Import Documentation and Finance (Windsor 56047)	Royal Garden Hotel, W1
Oct. 9-10	Brunel: Womanpower Development (0895 56461)	Uxbridge
Oct. 10	Henry Stewart: Computers for Surveyors and Estate Agents (01-935 2382)	Café Royal, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

مكتبة الأرشيف

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Trouble at China's billion dollar mill

A major new steelworks project is spotlighting flaws in China's industrialisation strategy. **Tony Walker reports**

HAVE THE Chinese made an expensive blunder with their giant new steelworks now under construction on the fringes of Shanghai?

Baoshan steelworks is an extraordinarily ambitious project by China's previous standards of industrial development. It has been bedevilled by a series of problems ever since the $2bn contract for its construction was signed with the Tokyo-based Nippon Steel in late 1978. The first hiccup occurred over the contract itself; it was renegotiated after little more than six months when the terms were changed from cash to credit.

China is now seeking a further renegotiation so that it can supply more of the components for the second stage of the project. Discussions between Nippon Steel and Chinese officials are continuing but both sides maintain that an amicable agreement will be reached.

However, the Japanese entertain severe doubts about the practicality of some of the Chinese proposals.

Not the least of these is the site itself, which is on the banks of the Yangtze about one hour's drive from Shanghai. To secure the foundations, it has been found necessary to drive 100,000 piles into the marshy ground, which has been reclaimed from agricultural use.

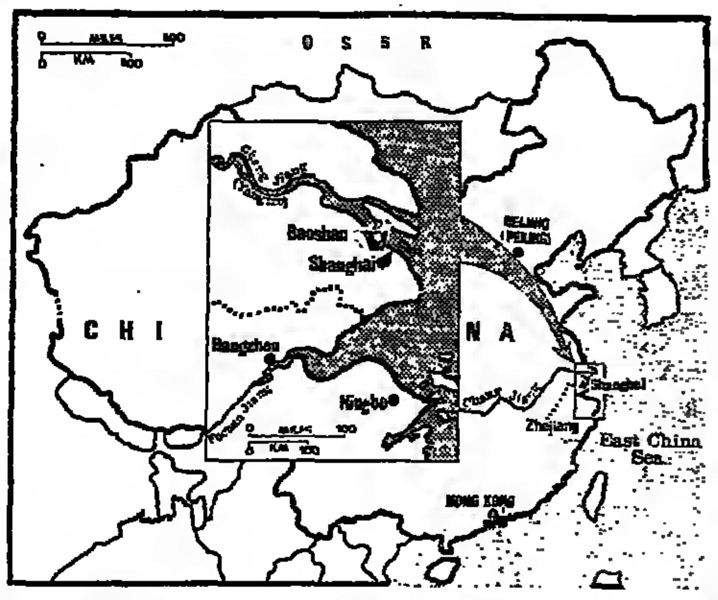
There are also problems with the location. Not only is access by road difficult—all finished products will have to be transported by river—but the 100,000 tonnes bulk iron ore carriers which will bring in raw material cannot make it up the Yangtze to Baoshan. To cope with the estimated 10m tonnes of imported high grade iron ore Baoshan is expected to be handling by the mid-1980s, a new port is being built near Ningbo, south of Shanghai, in Zhejiang province.

A wharf to cater for 100,000 tonnes carriers is under construction there and is scheduled to be ready for use by 1981. The ore will either be stored at Ningbo or transferred to smaller vessels for the 130 mile journey up river to Baoshan where a new port is also being built.

According to Lu Zhao Chi, assistant manager in charge of production, the Baoshan port will be able to handle 50,000-tonnes carriers. However, another problem looms here. In April, the Chinese confided to a group of U.S. engineers who were visiting Baoshan that they were concerned about the movement of a large sandbar above the port.

If the silting became too serious, it would be catastrophic for the project since it is almost totally reliant on riverborn supplies of iron ore, oil and coking coal.

With all these shortcomings one is tempted to ask why the site was chosen in the first place. In November 1977, vice premier Li Xiannian, the senior Chinese official with overall responsibility for the economy, asked Nippon Steel if it would be interested in assisting with the construction of the steelworks, the site for which the Chinese had already chosen at Baoshan. A month later executives from Nippon inspected the site. The Chinese explained to them that the site had been chosen because it was close to Shanghai, and to the sea. In view of the problems they are having with marine transport, this can hardly be said to be an advantage.



Other factors mentioned were that the product could easily be sold in the Shanghai market, related industries were well developed and utilities well organised.

Nippon, apparently, had no choice but to agree to the location.

According to the Japanese Kyodo news agency, the Chinese vice-premier Bo Yibo has termed the plant a "burden" and complaints and disillusionment about Baoshan have been growing rapidly.

Mr. Lu, however, is adamant that things are going smoothly. He rejects suggestions that China is unhappy with the level of technology being supplied by Nippon Steel and its contractors.

One concern being voiced in some quarters is that the plant, which is geared to accept high grade iron ore, will make China too dependent on overseas suppliers, notably Australia, which will supply much of Baoshan's needs. There are expected to be 10m tonnes, worth some $400m when the plant is operating at capacity in the mid-1980s. Other supplies of ore may come from Brazil.

Mr. Lu said Baoshan would be taking big quantities of Australian iron ore at first. It was hoped, however, that a mine in North East China could soon begin supplying a share of the higher-grade iron ore needed at Baoshan.

While Mr. Lu was vague about this possibility, there is no doubt that China would like to restrict its dependence on foreign supplies.

The list of companies supplying components to Baoshan reads like a Who's Who of the international heavy engineering business. While Nippon Steel is the main contractor, designer and development manager, other companies to contribute include Schloemann Siemag, Mannesmann Demag, Mitsubishi and Hitachi. Contracts for some components have yet to be signed.

More recently, agreement was reached with Schloemann Siemag for the construction of a cold rolling mill, the cost of which will be about $760m. In March Mitsubishi Heavy Industries signed an agreement worth between $250m and $300m for a hot strip mill.

Mr. Lu says that the main production at Baoshan will be tubing, plating, and metal sheets, much of it intended for use in the country's oil industry, which should also be getting into full swing in the mid-1980s.

Baoshan is a two-stage project. The first stage is expected to be completed in 1982 and the second by 1985. Steel production in both stages will amount to about 3m tonnes.

However, this may well not be needed. A change of policy in early 1979 resulted in the redirection of investment away from heavy industry, particularly steel. In an industry which is over-producing, there is a stockpile of 19m tonnes of finished steel.

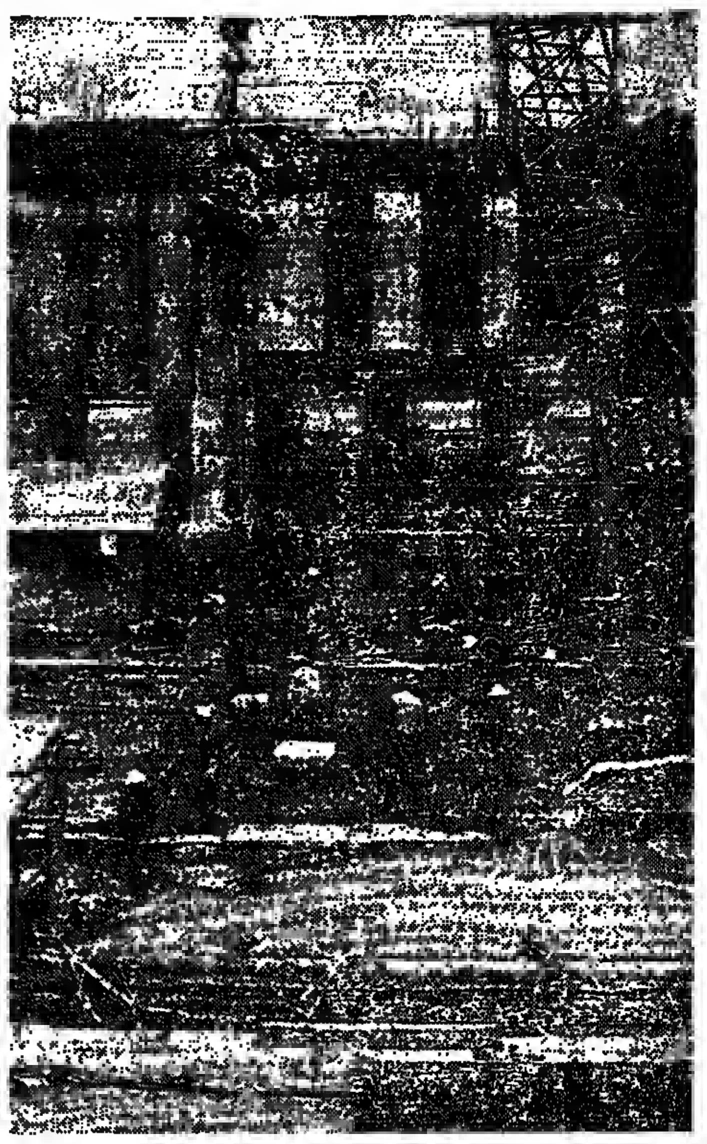
As to cost, officials say Baoshan will cost between $3bn and $5bn, although their inability to set a firm estimate suggests there may be problems with overruns.

Underscoring the management problems now confronting those responsible for overseeing the construction of Baoshan, is the number of Chinese Ministries and Commissions which have a finger in the pie. There are five or six different ones—including the State Capital Construction Commission, State Economic Commission and the Ministry of Metallurgy; and three or more provinces are supplying resources or have administrative responsibilities relating to Baoshan. All in all, the project seems set to be a hotbed of administrative confusion.

The immense scale of the project can be gauged from the preparations made for accommodating the tens of thousands of workers who will build Baoshan. Villages have sprung up around the site and a new hotel has been constructed to house foreign engineers and technicians who will start arriving in the next few months. Another hotel is on the way.

It is expected that 700-800 Japanese and about half that number of Germans will help build Baoshan. Estimates of the number of Chinese workers are vague, but run as high as 50,000, making it a huge undertaking by any standards.

When it comes to supplying the human muscle the Chinese have few problems; overcoming some of the physical and technical problems may be rather more difficult.



Baoshan: sitting on 100,000 piles

How revolutionary a revolution?

PUBLIC AWARENESS of microelectronics has surely passed a milestone of sorts when we are presented with an anthology of writings on the subject. In the few years—no more than five—in which the subject has increasingly grasped the imagination of professional writers, much garbage about microelectronics has come down the literary chutes. We are fortunate that little of it has found its way into this collection.

A modicum has got on to the cover, though. It cannot be only this reviewer who dislikes the phrase "microelectronics revolution" not for its overuse, but for its capacity to mislead. The advances in the technology itself, and the further advances which the application of the technology to manufacturing and process industries, to bureaucracies and to products will herald, are very great. But they are a part, even if a greatly accelerated one, of the steady replacement of labour with capital which is the fundamental feature of industrial society. To use "revolution" in this context, is to endow microelectronics with the capacity it does not possess, namely, wholly to transform society. We should be so lucky.

Once inside the cover, however, matters improve. Tom Forester, the author, who was industrial correspondent of New Society at the time of the "revolution" was clearly not so bowled over by it that he failed to notice who was writing well about it, besides himself. He has included in the collection the "classics" (if a five-year-old piece of journalism may be called a classic) like the first essay on the subject in non-specialist circles, Gene Bylinsky's "Here Comes the Second Computer Revolution" (that word again) in Fortune of November, 1975; and Robert Noyce's "Microelectronics" in the September issue of Scientific American. It contains detailed guides to the industry (by Ian Mackintosh and Ernest Braun); a contribution on unemployment from the most sensible writer on technology and society, Professor Christopher Freeman, of the Science Policy Research Unit; and a spirited argument between Professor Daniel Bell of Harvard and Professor Joe Weizenbaum of MIT, in the best traditions of American scholarly bitchiness.

It is extremely catholic: the bright consultants' overviews are in there together with a Trotskyist programme for resistance to automation and a feminist polemic on technological oppression. Most interest groups in society have said something about microelectronics, as Forester is evidently aware; we get a smack of the most salient here, though the bias is rightly towards the expert.

So the collection is admirable. The only cavill is not with the choice, nor with the helpful introductions and bibliographies, but with the material itself. Even the best of it does not achieve a synthesising mastery of the subject which comes from a first class intelligence at once engaged with the subject and capable of integrating it with the other social forces which will shape these crucial technical developments, and will be shaped by them.

Bell and Freeman come close in their different ways, but they are in the end too breathless with excitement or too specialised. Perhaps it is simply too early to look for such a phenomenon, or perhaps it is simply that chance has not thrown one up. However that may be, this "revolution" has yet to find its Lenin.

"The Microelectronics Revolution," by Tom Forester. Basil Blackwell, 559 pp, £16 hardback, £4.95 paperback.

John Lloyd

LOMBARD

Economics of shorter hours

BY SAMUEL BRITTAN

COMPULSORY reductions in working hours are an inherently undesirable way of tackling unemployment. Whatever there is to be said for them as very short-term expedients in recessions it is difficult to reverse them in recovery.

In practice, moreover, claims for shorter hours often mean that more hours are paid at overtime rates. Thus they function as disguised wage increases rather than work-sharing devices.

A Treasury Working Paper (No. 14 by Richard Allen) is entitled *The Economic Effects of a Shorter Working Week*. I am not too happy about the method used, which is to ask the Treasury forecasting model—or in more technical terms carry out a simulation. This makes the whole exercise depend too much on the validity of the model itself, which is almost impossible to test.

The model, moreover, does not incorporate in any very satisfactory way the tradeoff between real wages and employment, except through overseas competitiveness. Nor do I like Mr. Allen's assumption that higher productivity would "reduce the scope for additional employment." This depends on the "lump of labour fallacy" that there is a fixed amount of work to be done.

But despite these limitations the Paper yields interesting results, not only on the effects of shorter hours themselves, but indirectly on the effects of wage cuts in promoting employment.

On the basis of past experience Mr. Allen suggests that 40 per cent of the effect of any hours cut will be made up in the private sector by more overtime, and some 30 per cent by higher productivity. This leaves scope for 30 per cent to go in more employment, assuming total output is fixed.

Three cases

Mr. Allen then examines the impact under three alternative cases. In Case A, on the assumptions just made, earnings per head rise by 2½ per cent on initial impact and unit wage costs rise by 4 per cent. The immediate impact is a rise of 370,000 in employment and a fall of 260,000 in unemployment.

In Case A a permissive monetary policy and a depreciating exchange rate are assumed. After one year the Retail Prices Index is nearly 3½ per cent higher. After four years earnings per head are 13 per cent per head higher, wage costs 15 per cent higher, the exchange rate nearly 10 per cent lower, output 1 per cent lower and the money supply 7 per cent higher. But even under these highly permissive assumptions the employment gain falls to 150,000 and the unemployment drop to 110,000. Even this is an over-estimate and the case can be forgotten.

Case B is more realistic. It shows earnings per head rising by 2½ per cent initially—and wage costs by 4 per cent as in Case A. But the money supply is not allowed to rise in compensation. At first the unemployment effects are the same as in Case A. A slightly dampened earnings-price spiral develops; but the tight money policy limits the sterling depreciation to 5½ per cent. As a result the fall in competitiveness offsets the work-sharing. After three years the employment effects are negligible and after four they are unfavourable, while the GDP is down by 2½ per cent.

Genuine cut

But the most interesting of all is Case C. Here the previous assumptions are dropped. It is assumed that the cut in hours is genuine and leads to a 2½ per cent reduction in weekly earnings and that wage costs do not rise. In this case the improvement in employment is maintained after four years. Money supply is actually slightly lower and there is a negligible effect on both output and the RPI.

If the cut were in earnings per hour rather than per week and the model were set up so that output could rise the employment effect would be very much higher. More units of labour would be demanded and workers would have the option whether to work more or less actual hours.

In all these discussions talk of wage cuts is shorthand. There is still enough inflation, national and international, for reductions in the rate of increase to do the job.

Sex-equality pensions case goes to Europe

THE WEEK IN THE COURTS

BY JUSTINIAN

WHEN Parliament enacted the principle that men and women employed in like work should receive equal pay, it deliberately left out of its egalitarian legislation questions relating to differentials in pension matters. One reason for doing so was that for the purposes of State pensions there was a built-in differential in favour of women whose retirement age was and still is 60 compared with 65 in the case of men. By 1975 continuing discontent among the "equal opportunists" led Parliament, however, to introduce a compromise.

The Sex Discrimination Act 1975 provided that thereafter there should be equal access to a pension scheme for both men and women. But the Act kept in being the provision in the Equal Pay Act 1970 which excluded pensions from the equal pay law.

The idea was that the existing anomalies and differentials attributable to pension schemes should be allowed to work themselves out and after April 5, 1978 (the operative date for equal access) both men and women should in future be dealt with in like fashion whenever a pension scheme was made available.

In relation to the "pensions exclusion" provision, existing occupational pension schemes appeared to be immune from attack by discriminated employees. That was until two young women, supported by the National Union of Bank Employees and the Equal Opportunities Commission challenged Lloyds Bank, who for years had operated a contributory pension fund for bank employees. The case had already been to the Court of Appeal a year ago.[1]

Next month the European Court of Justice at Luxembourg is being asked to say whether the English law which excludes pensions from the equal pay provisions is compatible with Article 119 of the Treaty of Rome.

Some years ago Lloyds Bank established a body of trustees to operate a contributory pension fund quite independently of the Bank itself. Under the contract of employment, both their men and women clerical officers engaged in like work were required to join Lloyds Bank Pension Scheme. The schemes for men and women differed in material respects. The women's scheme was non-contributory until they reached the age of 25; if they left the service before that age there were no payments made by way of return of pension contributions made.

The men's scheme was contributory from the moment they took up employment irrespective of age. They were required to pay 5 per cent of their salary by way of pension contribution. In order to equalise the relative earnings there was a 5 per cent addition to the gross pay of the men. This was, in effect, a book-keeping exercise to ensure that men were not at a disadvantage compared with the women. But it had two significant effects.

The men doing the same work received 5 per cent more on their gross salary than the women and the men, therefore, obtained something of value that the women did not, in that they had an equity in the pension fund to the extent of a return of their pension contributions should they leave the employment at any time. There was a further inequality between the sexes in that overtime pay was calculated on the basis of gross pay; in consequence there was a differential in favour of the men. That anomaly was corrected in April 1977, but was not made retrospective.

The Employment Appeal Tribunal decided that the inequality related to pay and not to the pension and so found in favour of the two women.

But in the Court of Appeal their counsel conceded that, because of the "pension exclusion" clause under the English legislation, the women would fail in their claim. Only by an application of European Community law could they retain their legal victory. While the members of the Court of Appeal held differing provisional views as to the scope of Article 119 of the Rome Treaty, they all agreed that it was eminently a case for reference to Europe.

A hint to the result has been supplied by a case nine years ago in which the European Court interpreted Article 119, which in a characteristically European way simply stated the principle that "men and women should receive equal pay for equal work," leaving it to the court to put flesh and bones on the bare legislative edict. In the *Defrenne* case[2] a pension scheme applied to flight personnel of civil airlines, employees of the Sabena airline since the case was on reference from Belgium.

The scheme applied to "all members of air crews with the exception of air hostesses." The scheme was brought into operation under Belgian law by a Royal Decree. The European Court decided that a retirement pension "instituted within the framework of a legal social security scheme does not constitute an emolument indirectly paid by the employer to the worker and arising out of the latter's employment within the meaning of Article 119." As a result of that ruling a Sabena air hostess had no remedy under Article 119. The British Government, along with the other member-states, breathed a sigh of relief. Had Miss Defrenne succeeded, the additional cost to the nation's social security bill would have run into several millions.

The court indicated its further view that payments in the nature of social security benefits are not in principle excluded from the ambit of Article 119, so long as the benefits do not relate to a statutory scheme. The Advocate General, M. Alain Dutheillet de Lamothe, was more forthright. He advised the court that retirement pensions paid under occupational schemes, over and above the old age pensions to which they are entitled under the general social security scheme, are emoluments paid directly or indirectly by the employer to the worker and arising out of the worker's employment were within Article 119.

Advocates-General at the Luxembourg Court are not averse to disagreeing with each other; and whoever advises the court in the Lloyds Bank case may take a different view.

The only relationship between the Lloyds Bank scheme and the general social security scheme is that the occupational pension scheme enables the employer and the worker to contract out of the general social security scheme established by legislation, so long as the occupational pension schemes is approved for this purpose and the worker is a member of the scheme. There is something strange about a Sabena air hostess having to suffer discrimination, while a British Airways hostess, for example, who might be a member of a pension scheme that purported to discriminate against women air hostesses, could look to Article 119 to provide a remedy simply because her pension rights were unconnected with any general social security legislation.

In the Court of Appeal Lord Justice Templeman pointed out the multifarious problems that needed to be solved if occupational pension schemes are indeed caught by the equal pay principle of Article 119.

[1] *Worringham and Humphreys v. Lloyds Bank Ltd.* [1980] 1 C.M.L.R. 293

[2] *Defrenne v. Belgium* [1974] 1 C.M.L.R. 494

Double trouble for bookmakers

RACING

BY DOMINIC WIGAN

BY LATE afternoon on Saturday we will be in a better position to judge the merit of the fairly accurately termed "Gamble of the century."

By that time, Tender Heart will have attempted the first leg of the autumn double, the Cambridgeshire.

It is widely known that the John Sutcliffe-trained colt has been backed from 20-1 to 5-1 for the Cambridgeshire, but less well known is the fact that both his odds and those of stablemate, Al Kuwait, favourite for the Cesarewitch, have contracted so dramatically almost entirely because of a handful of backers.

However, Ladbrokes was hardly accurate in the first part of their comment on the situation with "It's all Arab money. They are begging to get on both horses no matter what the price."

It is far from all Arab money.

The plunge on stable companions Tender Heart and Al Kuwait led earlier this month to the unprecedented move by some layers to offer far-reduced odds on the "double" than those obtainable through the multiplied ante-post odds.

The move came in for plenty of fair criticism from those aware of the ultimate strength of the market on both the Cambridgeshire and the Cesarewitch.

Tender Heart's facile success in the Royal Hunt Cup cost the major bookmaking multiples a good deal of money, and led to the colt's owner being presented with a massive cheque from the managing director of one firm.

And there is no doubt that it is the possibility of the "double" rather than the outcome to the Cambridgeshire which is foremost in the minds of many bookmakers.

Were Tender Heart to bring off the first leg, we could well see Al Kuwait go to post the most falsely priced favourite for a major handicap this century.

The pair's shrewd handler, John Sutcliffe, has clearly lost little confidence of late and is willing to state categorically that "if both horses run, they'll win."

Should one of them—particularly Al Kuwait in the second leg—fail to run, matters will become interesting to say the least.

GOODWOOD

2.00—Bertida**
2.30—Kalaglow***
3.00—Mountain Monarch
4.30—Mandalia*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.01 For Schools, Colleges. 3.15 Songs of Praise from Kendal, Cumbria. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Winsome Witch. 4.25 Jackanory with Instant Sunshine. 4.40 Jana of the Jungle. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Angels.
7.20 Star Trek.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "Carry On Girls" starring Sidney James, Joan Sims and members of the Carry On team.
10.50 Film 80 with Barry Norman.
11.20 Step This Way.
11.45 News Headlines.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—1.45-2.00 pm Tredwt. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.45 News Headlines, News and Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News Headlines, News and Weather for Northern Ireland.

BBC 2

6.40-7.55 am Open University.
9.30 Labour Party Conference.
11.00 Play School.
11.25-12.30 pm and 2.00 Labour Party Conference.
4.50 Open University.
6.55 "Lieutenant Kije," with music by Prokofiev (animated film of the Russian fairy story).
7.10 Mid-evening News.
7.25 Living on the Land.
7.50 Wainwrights' Law.
8.15 Shirley Bassey.
9.00 Rhoda.
9.25 Horizon — The Other Kenya.
10.15 Jack High (Kodak Masters Bowls Tournament).
10.45 Newsnight.
11.40 Heute Direkt.

LONDON

9.30 am Schools Programmes. 12.00 We'll Tell You a Story. 12.10 pm Rainbow. 12.30 Public Office. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Against the Wind. 2.30 Labour Party Conference. 4.15 Kidnapped. 4.45 Clapperboard. 5.15 White Light.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Give Us a Clue.
7.30 Coronation Street.
8.00 Keep it in the Family.
8.30 Just Liz.
9.00 "The Greatest" starring Muhammad Ali and Ernest Borgnine.
10.00 News.
10.30 "The Greatest" (continued).
11.40 The New Avengers.
12.40 Close: "Sit up and Listen" with Tony Bastable.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 About Britain. 5.15 The Brady Bunch. 6.00 About Anglia. 6.30 Survival. 11.40 Genesis in Concert. 12.25 am Reflection.

ATV

1.20 pm ATV News. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 ATV Today. 6.30 Vegas. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 Danger UXB. 12.15 am Something Different.

BORDER

1.20 pm Border News. 2.00 About Britain. 5.15 George Hamilton IV. 6.00 Lookaround Monday. 6.15 Mr. and Mrs. 6.45 The Sound Of ... Vizzion. 11.40 Barney Miller. 12.05 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.00 About Britain (Billingham). 5.15 Happy Days. 6.00 Channel News. 6.10 Cities — George Plimpton's New York. 10.28 Channel Late News. 11.40 George Hamilton IV. 12.05 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 About Britain. 4.45 Clapperboard. 5.15 Mr. and Mrs. 6.00 North Tonight. 6.35 Country Focus. 11.40 Reflections. 11.50 Barney Miller. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 About Britain. 5.10 U.K. Disco Dancing Championship North-West Final. 6.00 Granada Reports. 11.40 Superstar Profile.

HTV

1.20 pm. HTV News. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 Report West.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm. [illegible] 10.40-11.10 The French Programme. 11.05-11.20 Am Gymru. 12.00-12.10 pm Flicabeam. 4.15-4.45 [illegible] 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News and Road Report. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Crimedesk. 11.40 Late Call. 11.45 George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.00 About Britain. 5.15 Diff'rent Strokes. 6.00 Day by Day, including Southsport. 11.40 Superstar Profile (Liza Minnelli).

TYNE TEES

9.20 a.m. The Good Word. 9.25 North East News. 1.20 p.m. North East News and Lookaround. 2.00 About Britain. 5.15 The Adventures of Black Beauty. 6.00 North East News. 6.02 Double Top. 6.25 Northern Life. 10.30 North East News. 11.45 Music Special. 12.25 a.m. To Have And To Hold—"The Importance of Marriage."

ULSTER

1.20 p.m. Lunchtime. 4.13 Ulster News. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.40 Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 About Britain. 5.15 Happy Days. 6.00 Westward Diary. 10.31 Westward Late News. 11.40 George Hamilton IV. 12.05 a.m. Faith for Life. 12.10 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 11.40 Oscar Peterson.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	4	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	3	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates with The Golden Hour—Part 1: 1961. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 5.31 Stayin' Alive. 7.31 Mike Read. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s). 4.03 Much More Music, with David Symonds (s). 6.03 John Dunn (s). 8.02 Folk on 2 (s). 9.02 Humphrey Lyttelton with the Best of Jazz on record (s). 9.55 Sports Desk. 10.02 Frank Spin. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Handel (s). 10.00 Yo Yo Ma and Melvin Tan cello and piano recital (s). 11.05 English Choral Music (s). 11.50 Bliss and Beethoven concert (s). 1.00 pm News. 1.05 Nash Ensemble recital, part 1 (s). 2.00 Interval reading. 2.05 Nash Ensemble, part 2. 3.00 Matinee Musicale (s). 4.00 New records (s). 4.55 News. 5.00 Mainly for Pleasure (s). ‡(and mono only from 6.20). 7.00 Ginette Neveu. 7.15 Thoughts on Music and Literature: 1980 T. S. Eliot Memorial Lectures by Anthony Burgess. 7.30 Beethoven and Shostakovich concert, part 1 (s). 8.20 East-West Ideological Conflict (talk). 8.50 Concert, part 2 (s). 10.15 The Complete Webern (s). 10.50 Jazz in Britain, introduced by Charles Fox (s). 11.00 News. 11.05-11.15 Gaspard Le Roux (s).

VHF Only—Open University: 6.00-7.00 am and 6.20-7.00 pm; and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 a.m. News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 The Week on 4. 8.43 "Loosely Engaged," by Christopher Matthew. 9.00 News. 9.05 Start the Week with Desmond Wilcox. 10.00 News. 10.02 Money Box. 10.30 Daily Service (s). 10.45 Story Time. 11.00 News. 11.05 Forbidden Correspondence—the excitement, frustration and challenge of being a foreign correspondent for the BBC. 12.00 News. 12.02 p.m. You and Yours. 12.27 It Makes Me Laugh. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.35 [illegible] (Tommy Handley). 4.45 Short Story. 5.00 P.M. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Rumpole (S). 7.00 News. 7.05 The Archers. 7.20 Quote ... Unquote (S). 7.50 The Monday Play (S). 9.20 Just the Job. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

London Broadcasting

5.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight Special. 9.00 Nightline. 1.00 am Night Extra. 3.30 LBC Cinema. 4.00 After Eight Sunday (repeat). 5.00 Morning Music.

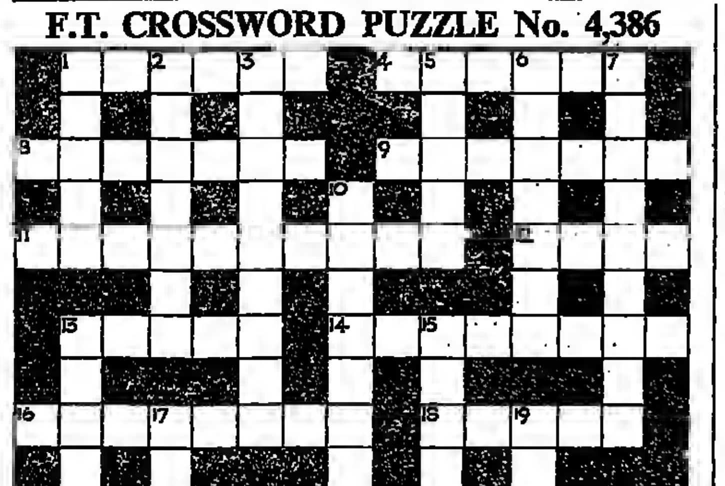
Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 Roger Scott (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Alan "Fluff" Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Night Flight.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,386



ACROSS

1 Coach man had tired out (6)
4 Rank way to get at you and me (8)
9 Cold meal in the Saracen's Head (7)
10 Except for those in pub circle (7)
11 Large gin needed to capture second impression (6, 4)
12 Smallest bit of a cat (4)
13 Defeat outside left with complaint (5)
14 Start party off (3, 5)
16 Main place for putting shade (3-5)
18 Direct attention to part of spare fermenting process (5)
20 Hide leader of Spanish family (4)
21 Smart-Alec likely to do well in CID (6, 4)
23 About rescue I have been covering up (7)
24 Self-starter inclined to be pompous (7)
25 Detecting numbers having gin cocktail (6)
26 Love affair right inside protective clothing (8)

DOWN

1 Runner ought to organise celebration (5)
2 Silence one walk with another (7)
3 Pie cooked over middle point marking origin of earthquake (9)
5 React unusually to suspicion (5)
6 Rent a party during storm (7)
7 Bask with daughter and proprietor having late drink (9)
10 Useless traveller (9)
13 Chance just to finish all square (5, 4)
15 Harrier goes to right adviser (9)
17 Seeing disguised southern origin (7)
19 Castro takes one round opera (7)
21 Witches at bay over pole (5)
22 Patent not spotted (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. Grp. Bkgs. 836 2699. ENGLISH NATIONAL OPERA. Wed & Fri 7.00: Cosi fan tutte. Thurs & Sat 7.30: La Belle Helene. 104 balcony seats avail from 10 am on day of perf.

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). THE ROYAL OPERA DER RING DES NIBELUNGEN. Ton't 7.30 Das Rheingold. Tomor 5.30 Die Walkure. Thu 5.30 Siegfried. Sat 5.30 Gotterdammerung. 700 Proms places at £3 avail 1 hr. before curtain up.

SADLER'S WELLS THEATRE. EC1. Bkg. Office 837 1672-3856 7505. Until Oct 11. Evgs 7.30. Mats Thurs 2.00. Sat 2.30. NORTHERN BALLET THEATRE. Tonight. Tomor. Wed & Thurs: Miss Carter Wore Pink & Madame Butterfly. Fri & Sat: Eaters of Darkness & Coppelia. Sat 2.30: Coppelia.

THEATRES

ADELPHI. CC. 01-8367611. Evs. at 7.30 Sat. 4.00 & 7.45. Mats. Thur. at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS & ANNA NEAGLE in MY FAIR LADY Group bookings ring 01-836 7358 or 01-379 6061.

ALBERY. 836 3878. CC bkgs. 379 6565 Gp bkgs 836 3962 or 379 6061. Eves 8.00. Thur. mat. 4.30. Sat. 5.00 & 8.15. Sian Phillips, Denis Lawson. Half Moon Production. Rodgers and Hart's PAL JOEY.

ALDWYCH. S. 836 6404. CC. 379 6233. (10-6 Sats. 10-4). Info 836 5332. Fully air conditioned. ROYAL SHAKESPEARE COMPANY. Seats available for low price previews. Opens Wed JUNO AND THE PAYCOCK by Sean O'Casey. This new production with Judi Dench and Norman Rodway celebrates Sean O'Casey's centenary. RSC also at The Warehouse and Piccadilly Theatres.

AMBASSADORS. S. CC. 836 1171. Limited season opens Thursday at 7. [illegible]

APOLLO. [illegible]

ASTORIA. [illegible]

BOULEVARD. [illegible]

CAMBRIDGE. [illegible]

COMEDY THEATRE. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS. [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible]

GARRICK. [illegible]

GLOBE THEATRE. [illegible]

GLOBE. [illegible]

GREENWICH THEATRE. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KINGS HEAD. [illegible]

LONDON PALLADIUM. 01-437 7373. Great autumn attraction. October 8. 1 at 7.30 for 1 week only Britain's foremost entertainer Max Bygraves with guest star Broadway's Sensational Chita Rivera and her dancers. Subs Tues & Thurs at 8.0. Fri 8.45, Wed & Sat 8.15 & 8.45. Seats £2-£6.50. C Cards accepted.

LYRIC. S. CC. 01-437 3686. Evenings 8.00. Wed. 3.00. Sat. 5.30 & 8.30. DINSDALE LANDEN, NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

LYRIC HAMMERSMITH. CC. 741 2311. From Wed—Eves 7.30. THE WILD DUCK. Ibsen, a new translation by Ronald Hingley, director Michael Blakemore. With Richard Briers & Nerys Hughes. Book Now!

LYRIC STUDIO: LOOT by Joe Orton, directed by Kenneth Williams—SOLD OUT! Book Now for the POTSDAM QUARTET.

NATIONAL THEATRE 'S' 928 2252. OLIVIER (open stage): Ton't, Tomor 7.30 GALILEO by Bertolt Brecht. LYTTELTON (proscenium stage): Ton't, Tomor 7.45 THE ELEPHANT MAN by Bernard Pomerance. COTTESLOE (small auditorium): Ton't 8.00. Part Two (Baptism to Judgement) Tues 8.00 Part One (Creation to Nativity) newly extended THE PASSION — Promenade perfs. all tkts standing £3, Students £1.20. Excellent cheap tkts. from 10 am day of perf. all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs. 928 5933.

OLD VIC. 928 7616. CC. 261 1821. S. Ton't. Tomor. Sat 7.30; Wed 2.00? Timothy West and Maureen O'Brien in THE MERCHANT OF VENICE. Wed. Thu. Fri 7.30: Sat 2.00. PETER O'TOOLE in MACBETH. Directed by Bryan Forbes. Sun 7.30 Brontes: The Private Faces. TODAY Now bkg. 15 Dec to 17 Jan.

PALACE. S. CC 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Evgs. 7.30. Mats. Wed. and Sat. 3.00. Group sales box office 01-379 6061.

PICCADILLY. S. 437 4506. CC bookings 379 6565. Mon.-Thurs. 8. Fri & Sat. 6 and 8.40. Stalls from £2.90. ROYAL SHAKESPEARE COMPANY in Willy Russell's new comedy EDUCATING RITA. RSC also at Aldwych Warehouse.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mats. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales box office 379 6061. Seats available for matinee performances.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An evening with TOMMY STEELE and his company. Eves. Mon.-Thurs. 8.30. Fri. and Sat. 6.00 and 8.30. Book Now. Closed this week for holidays. Re-opens next Monday 6th October.

QUEEN'S. CC. 01-734 1166. Eves. 8.00. Sat. 4.30 and 8.00. Tom Courtenay, Freddie Jones THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliott.

RAYMOND REVUEBAR. CC 01-734 1593 At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New thrills. 23rd sensational year. Fully air conditioned.

ROYAL COURT. S. CC. 730 1745. CLOUD NINE by Caryl Churchill. Last Week. Evgs 8. Mon all seats £2.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. SUBMARINES by Tom McClenaghan. Last Week. Evgs 7.30.

SAVOY THEATRE. 01-836 8888. Adv. Box Office now open. JOHN ALDERTON, PAULINE COLLINS in Charles Dyer's comedy RATTLE OF A SIMPLE MAN. Evgs. Mon.-Thurs. at 8.00. Fri. and Sat. 5.45 and 8.45. Reduced Group Bookings 839 3092.

SHAFTESBURY THEATRE. CC. 01-836 4255. Tickets £1 to £6. Reduced price prevs. today & tomor. 8.0. Opens Wed. 7.0. Subs. Mon-Fri 8.0. Weds. Mat. 3.0. Sat 5.0 & 8.30. TOM CONTI & GEMMA CRAVEN in the musical THEY'RE PLAYING OUR SONG. Book by NEIL SIMON. Music by MARVIN HAMLISCH. Lyrics by CAROLE BAYER SAGER. Group bookings 01-839 3092.

SHAW. 01-388 1394. National Youth Theatre in RICHARD II. LAST 3 DAYS. Evgs. 7.00. Low prices. Easy parking.

ST. GEORGE'S THEATRE. Tufnell Park. N7. Evgs 7.30 Mats 2.30. 24 Hr Bkg. 607 1128. Opening Tomor at 7. Wed. Thurs. Fri & Sat 7.30: THE WINTER'S TALE. Wed & Thurs 2.30: THE MERCHANT OF VENICE.

STRATFORD-UPON-AVON. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

TALK OF THE TOWN. [illegible]

THEATRE ROYAL. Drury Lane. 836 8108 S. Denis Quilley, Sheila Hancock SWEENEY TODD. Broadway Musical, Winner of 8 Tony Awards. Eves. 7.30. Half price matinee Wed. Sat. 2.30. Grp. sales Box Office 379 6061. Seats from £2.50.

VAUDEVILLE. S. CC 01-836 9988. Group sales 379 6061. Eves. 8.00. Sat. 5.30 and 8.30. Wed. mat. 2.45. IAN OGILVY SHEILA GISH JAMES COSSINS in STAGE STRUCK. LAST 2 WEEKS—MUST END 11 OCT! A new thriller by Simon Gray.

VAUDEVILLE THEATRE. CC. 01-836 9988. Opens Oct 15 at 7. Subs Mon to Fri 7.45. Sat 5 & 8. JOAN PLOWRIGHT, COLIN BLAKELY ENJOY. A new play by Alan Bennett. directed by Ronald Eyre.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Eves. 7.30. Mat. Wed. and Sat. 2.45 ANNIE. Group sales box office 379 6061. Now booking through [illegible]

WAREHOUSE. Donmar Theatre. Covent Garden Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. First perf Thurs 7.30 premiere David Mercer's last play NO LIMITS TO LOVE. All seats £3.50. Students £2.00 in advance.

WESTMINSTER THEATRE. 01-834 0283. HUGH MANNING as C. S. Lewis in SONG OF THE LION. Evenings 7.45 pm.

WESTMINSTER. S. CC. 01-834 0283. MATS ONLY. Mon-Fri 2.0. Sat 2.30. MR. WILBERFORCE MP by ALAN THORNHILL.

WHITEHALL THEATRE. 01-930 7765. CC. Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT NO PYJAMAS. Eves. 8.30. Fri. Sat. 6.15 and 8.30.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF! Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. S. 01-836 3028. CC bkgs. 379 6565: M-Thurs. 8. Fri. 8.40. Sat. 6 & 8.40. Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Eves Wed onwards 7.30 Shakespeare's KING LEAR. All seats £2.00.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. perfs. All seats bkble. 1: GONE WITH THE WIND (A). 70 mm Wk & Sun. 1.55, 7.40. 2: XANADU (A). Dolby stereo. Wk. & Sun. 2.00, 5.00, 8.15.

CLASSIC ENTERTAINMENT Teledata 01-200 0200

CLASSIC 1, 2, 3, 4, Chelsea, King's Rd. 01-352 5096. 1: LA CAGE AUX FOLLES (AA). Progs. 3.30, 6.25, 9.05. 2: LAST 3 DAYS! FAME (AA) in Dolby Stereo. Progs. 2.00, 5.00, 8.20. 3: Neil Simon's CHAPTER TWO (A). Progs. 2.10, 5.10, 8.20. 4: THE SECRET POLICEMAN'S BALL (AA). Progs. 2.00, 5.00, 8.15.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: LAST FEELINGS (A). Progs. 3.15, [illegible] 2: LAST 3 DAYS! THE BLACK STALLION (A). Progs. 1.00 (not Sun.), 3.20, 5.55, 8.25. 3: LAST 3 DAYS! CAN'T STOP THE MUSIC (A). In Dolby stereo. Progs. 1.40 (Sun. from 2.30), 4.40, 7.45.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube) Fully air conditioned. 1: XANADU (A) in Dolby Stereo. Progs. 1.00, 3.00, 5.00, 7.00, 9.00. 2: BREAKING GLASS (AA). In Dolby Stereo. Progs. 1.10, 3.30, 5.55, 8.20. 3: LAST 3 DAYS! INFERNO (X). Progs. 1.20, 4.05, 6.10, 8.30. 4: McVICAR (X). Progs. 1.18, 3.30, 5.55, 8.25. 5: AIRPLANE! (A). Progs. 1.00, 3.00, 5.00, 7.00, 9.00.

CLASSIC. Leicester Square. 01-930 6915 HARLEQUIN (X). TEXAS CHAINSAW MASSACRE (X-London). Progs. 12.30 (not Sun.), 3.50, 7.15.

CURZON. Curzon Street, W1. 499 3737. Bertrand Tavernier's UNE SEMAINE DE VACANCES (AA). (English sub-titles). Progs. 2.00 (not Sun.), 4.05, 6.20, 8.40.

ODEON HAYMARKET. (930 2738-2771). ROY SCHEIDER in a BOB FOSSE Film ALL THAT JAZZ (X). Sep. progs. daily 1.30, 4.40, 8.00.

ODEON LEICESTER SQUARE (930 6111) DRESSED TO KILL (X). Sep. progs. [illegible]

ODEON MARBLE ARCH W2 (723 2011-2) [illegible]

STUDIO 4, Oxford Circus. 437 3300. [illegible]

ART GALLERIES

[illegible]

THE ARTS

Leonard Burt

Fritz Hubner, Berit Lindholm and Alberto Remedios

Covent Garden

Götterdämmerung

by ANDREW CLEMENTS

On Saturday night the first of this year's *Ring* cycles ended in much better shape, vocally and orchestrally, then it had begun more than two weeks ago. On only a handful of occasions in *Götterdämmerung* did the standard of singing fall below the acceptable, blemishes from the pit were few and quite forgivable in the context of solo and ensemble playing that was generally secure and rich toned.

Yet the production has set itself such standards of achievement in the first three operas of the tetralogy that perhaps disappointments here are inevitable. After the spectacular, imaginative strokes of *Rheingold* and the thorough-going coherence of *Walküre* and *Siegfried*, Götz Friedrich's *Götterdämmerung* attempts mediation between these poles. The synthesis sometimes works nobly — the beginnings of the Prologue and the third act use the mirrored platform more magically than elsewhere; the final demise of the Gods is treated in a consistent and unmelodramatic way — but there are still fussy and redundant elements.

Why, for instance, in a production style that can provide such a strong, simple image for Siegfried's funeral march, should his journey down the Rhine have been illustrated in a clumsy piece of *mime*? And why must the previously evocative dipiction of Valhalla be disfigured in the final minutes of the opera by an unutterably crude picture of the Gods in serried ranks? The problem remains also of the giant perspex lenses that are the main design feature of Svoboda's Gibichung Palace. When used to emphasise Hagen's influence on events, particularly, they work well—though curiously Alberich's appearance, ripe for such treatment, does not use them. But in a revival with singers unfamiliar with the production the positioning behind the lenses becomes critical: too often the clutter of extraneous and partial images distracts and dilutes the impact of a scene.

The vocal disappointments of Saturday's performance may be dealt with swiftly. Rudolf Constantin failed to impose any positive character on the intransigence of Gunther and was consistently outpointed in confrontations; Linda Esther Gray's Gutrune began as if to guy the role, tossing in unnecessary mannerisms and only gained a measure of credibility in her discovery of Siegfried's death. Hanna Schwarz looked and moved as a finely athletic Waltraute, but sounds too light and young to lend full emotional weight to her narration.

Otherwise the excellence of the cast centred on Berit Lindholm, in her finest voice of the cycle, secure and even, compensating for a lack of exciting edge in her tone with clarity and intelligent weighting. For Miss Lindholm, Brünnhilde's less vaunted lines are as important as her set pieces, though the counter-oath in Act Two was a thrilling moment; the Immolation scene became almost a coda rather than a culmination, a tidying up of loose ends after the real ending of Siegfried's death.

Alberto Remedios seemed happier with the German text than he had a week earlier in *Siegfried*. Certainly more of the sense was conveyed. Less of his singing — Siegfried's remembrance of his childhood excepted — was as naturally effortless as before though the affecting openness remained. In his game with the Rhinemaidens at the beginning of the third act, charm is evenly spread on both sides. Fritz Hübner's Hagen may not be as commanding of stature as one's stereotype of the part would suggest, but it was a more confident and complex performance than his earlier Hunding. The vocal surety—dark tone, blacker still when the occasion demanded it—was complemented by an appropriately reptilian demeanour, of which Brünnhilde really should be terrified.

By the end of the cycle Sir Colin Davis's up-tempo approach had settled down sensibly. A few passages in the first act hung fire; the Rhine Journey was not as imposing as it might have been. But the second act, from the chorus of the vassals onwards to the final trio, was given a real sense of momentum and the last act brought to resolution if not with quite sufficient authentic power then at least with *certainty* and inevitability.

Purcell Room

Skalkottas

by PAUL DRIVER

The Greek Cypriot pianist, resident in London, Christodoulos Georgiades, gave a recital last Friday sponsored by the Hellenic Cultural Centre and including two works by the neglected Greek genius Nikos Skalkottas. He also played two works by the Maltese composer Pawlu Grech, of which the specially commissioned *Ideograms — Book 1* was receiving its première. A sonata and a set of variations by Haydn and five arrangements (lovingly intoned) of pieces by Frescobaldi (*Fiori musicali*) completed the programme—a lesson in intelligent novelty of choice, with the items symmetrically arranged around the Frescobaldi and illuminating each other in the most unexpected ways.

The concert coincided neatly with the BBC's broadcasting for the first time of Skalkotta's two-hour cycle *32 Piano Pieces*, composed incredibly within just two months in the summer of 1940. Listening to that, pulling together the few strands of knowledge of Skalkottas one had, then hearing Mr. Georgiades in the cycle's *Passacaglia* centrepiece, left one assured that if there is a single case in this century's musical history of greatness occluded it is not that of Brian or Sorabji or Pfitzner or Foulds (deserving though these are) but manifestly that of Skalkottas.

His command of means, the energy of his invention, the distinctive harmonic colouring, his breadth of ambition and certainty of grasp are instinctively understood by the listener. Obscurity did not in his case breed eccentricity; it presumably freed his more wayward fantasy, allowed him to distil a native folk inspiration into something rich and strange (particularly rhythmically), but he retained the utmost regard for clear communication. Pianists may have to strain unduly but audiences do not.

The first of the pair of pieces was the 15 Little Variations of 1927, written when Skalkottas was 23—a decade before he would seriously commit himself to treating solo piano. It revealed immense accomplishment: elegant, concise, lively music already flavoured by his personal mix of the neo-classic and the lightly exotic. Georgiades was crisp and skilful here but did not much observe dynamic inflections, a fault probably attributable to the intractably hard-toned Purcell Room piano.

He had acclimatised himself to it, though, by the second half, when his performance of the *Passacaglia* struck a deep note in the (largely ethnic) audience's heart. The technical brilliance with which Skalkottas re-animates the baroque form, pouring a wildness of invention into the strict two-bar constraints of his 20 miniature variations, producing piano textures reminiscent of his teacher Schoenberg's but nevertheless his own, had one lost in admiration. Mr. Georgiades took an extreme slow (*Grave*) tempo but the music easily withstood it; he has obviously explored every crevice of its expressive reach.

Elizabeth Hall

Earl Wild

by MAX LOPPERT

The senior American pianist commands a durable reputation as "the ultimate virtuoso" (to borrow the phraseology of his programme biographer). It was not well supported by Thursday's recital. For though Mr. Wild is still able to muster with considerable address all the technical skills demanded by a testing programme, an unlooked-for product of the evening was to draw with new clarity the distinction between true virtuosity (which is a function of mind at much as of *fingers*) and mere facility.

In different ways all the music sounded facile, in every sense of the word — easy to play, easy to listen to, easy to forget. Franck's Prelude, Chorale and Fugue (which a Cherkassky can swell out to dimensions of grandiose splendour) passed by decorously, in soft tones hushed and reverent (little fades to phrase-ends spreading a whiff of eau-de-col[illegible] bred and unruffled. Mozart (the F major Sonata, K.332) tripped out in ringlets and ribbons, the Adagio bathed in a perfumed haze of pedal, the Allegro assai a daintily sugared hoppity-skip. Curious to hear him like this; curious likewise to hear an account of the Schumann Symphonic Studies so lacking in emotional energy, density, assertion. The lick at which Mr. Wild took (and sustained) the Finale, and the air of nimbleness and "show" it elicited, were prime evidence of the pianist's view of the whole work.

For his second half Mr. Wild had chosen Ravel's *Gaspard de la nuit*, followed by arrangements of Wagner by Moszkowski (Isolde's *Liebestod* and Brassin (*The Ride of the Valkyries*). It was hard to know which proved more disconcerting, the imperturbable composure with which the poetic detail of "Ondine" was accounted for, or the want of scalp-bristle in "Scarbo" and vivacity in the formidably difficult arrangements. As an evening of well-practised, obstinately unstirring delivery and despatch it was, altogether, a disconcerting—and dispiriting—recital.

Architecture

A centre for St. George's

by COLIN AMERY

Recent appeals by Government ministers and others for greater efforts to be made to improve the quality of new architecture have started people thinking about how this should be achieved. Britain has good schools of architecture, well-organised professional institutes, a mass of voluntary societies concerned with conservation and even a Department of the Environment — why is there still such general unhappiness about the state of modern architecture? It is tempting to think that nothing can be done until a few more strong-minded and brilliant architectural geniuses appear on the scene — and this doesn't happen often in a generation. Many people will feel that no amount of official pressure, no increase in the number of institutions can do anything until the public climate is changed.

I have often argued in this column for a change in emphasis in our educational approach to the art of architecture. There should be as much emphasis on the visual education of our children as there already is on their literary education. It is probably also time for more "adult education" into the whys and wherefores of building and architecture. For a long time there has been pressure from within and without the profession for an improvement in the presentation of architecture to the public and at regular intervals there is a cry for an "architectural centre" where the least comprehensible of the arts can be displayed and interpreted.

Britain lacks any kind of architectural museum although it possesses rich sources of historical material. Last year an international conference was held in Helsinki to discuss the role of architectural museums — curators from East and West established an International Conference of Architectural Museums to collect and exchange information on this under-researched subject.

Canada is about to have its own Canadian Centre for Architecture and in Washington the magnificent Pension Building in the centre of the city is now designated as the home of the National Museum of the Building Arts.

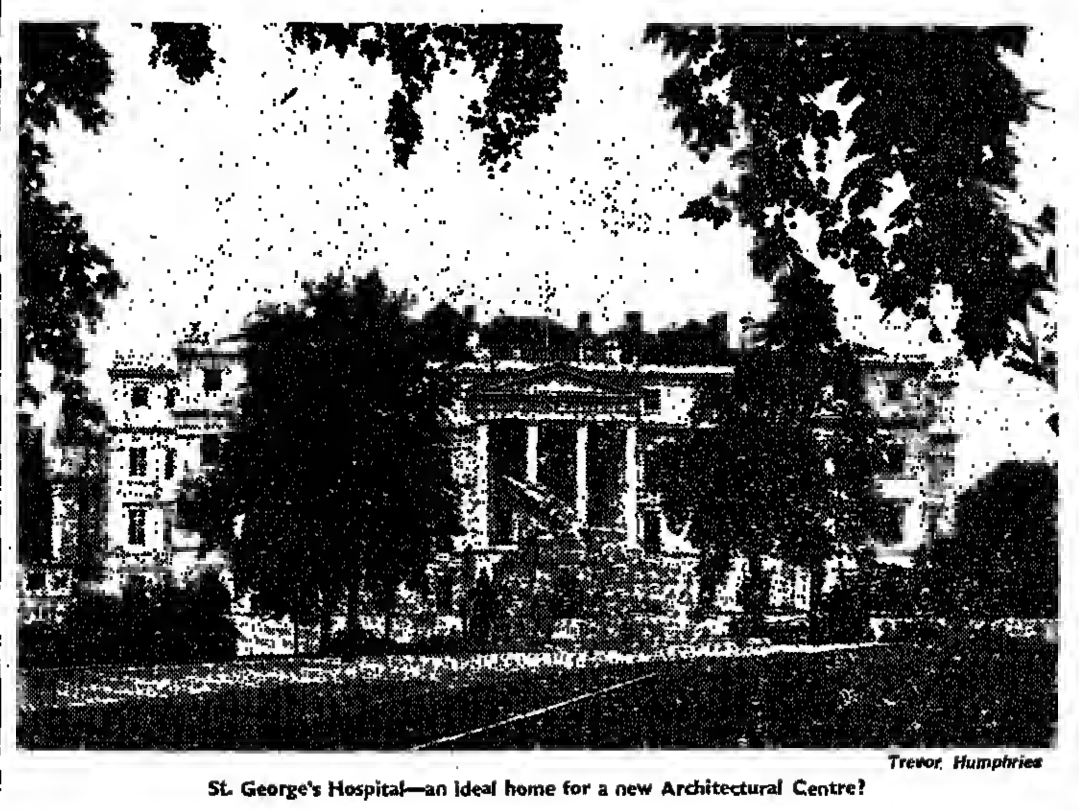
How will the establishment of a museum help the state of current building? The answer is clear. There is a great need to see the art of architecture in the context of history and any architectural centre needs to be a place of research as well as propaganda. To establish an effective centre or museum in Britain is a major undertaking that should not be undertaken without a great deal of research and collaboration among the professions associated with buildings and the Royal Institute of British Architects.

The Drawings Collection of the RIBA and the British Architectural Library of which it is a part, already provide a nucleus of great quality. The RIBA is always short of funds to do more than maintain the collections and have occasional exhibitions and the gap in the public understanding of architecture cannot be filled by the professional institutions alone.

A centre devoted to architecture and the arts of building should be established in London and it so happens that a home for it may be available in the old St. George's Hospital, now lying vacant at Hyde Park Corner. Although the leasing arrangements for this fine listed building are complex and there are other contenders for the site, it would make a magnificent central home for a national architecture centre.

Mr. Heseltine, with his colleague the Minister for the Arts, has a great chance to give the art of architecture a public display that could, providing it is backed up by scholarship, raise the level of architectural understanding.

There is no point in embarking on this venture unless the Government and the professions and the building industry are prepared to think on a large scale. The issues are complex and Mr. Heseltine should talk to as many different people and groups as possible. This may be one of those rare cases where a quango, charged with a mission to explore all sides of the question of a centre for architecture, really is necessary.



Trevor Humphries

St. George's Hospital—an ideal home for a new Architectural Centre?

Festival Hall

Wagner by RICHARD JOSEPH

Strange, at a time when Wagner's complete operas are performed *all* too regularly, to encounter a programme of concert excerpts similar to those given at the Queen's Hall 50 years ago. At that time the LSO would probably have been conducted by Albert Coates; on Friday evening at the Festival Hall Yevgeny Svetlanov presided. The main interests of the concert were in hearing this virtuosic Soviet conductor tackle repertory he isn't usually associated with, and in hearing Wagner's scoring unencumbered by the dampening effect of an opera house pit.

Svetlanov's approach to the music was sane, brisk and clear. He did not respond equally well in every piece. The Third Act Prelude to *Die Meistersinger* was ordinary in its shaping and the conductor was rewarded with some comparably mundane playing, especially from the horns. On the other hand, his fast tempo suited the *Lohengrin* Prelude unexpectedly well, and its long lines were clearly sung. The LSO's violins have fortunately shed some of their transatlantic pretensions and they played with clean, unglossed tone and very good tuning.

A heady, surprisingly confident reading of the *Tristan* Prelude prefaced a more reflective, relaxed performance of the *Liebestod*. Gwyneth Jones sang this, Elizabeth's greeting from Tannhäuser, with huge resources of tone and volume. The contrast between her beautifully placed quiet head voice and her over-vibrant loud singing threatened at times to become a conflict. But her stylistic command is certain and her presence compelling. She has the ability to evoke a more rapt and heroic ideal of Wagnerian performance than Svetlanov seemed willing to present.

Julie Christie in film of Doris Lessing story

Julie Christie is returning to films to star in an all-British production based on a story by Doris Lessing. She will play the lead role in *Memoirs of a Survivor*.

Miss Christie, who now lives in America, made her last film three years ago when she starred opposite Warren Beatty in *Heaven Can Wait*.

Memoirs of a Survivor is the *story of* an urban society thrown into anarchy by an approaching catastrophic conflict. The ensuing destruction *of* civilisation is seen through the eyes of a woman survivor—to be played by Julie Christie.

News from the National

The central role of Sir John Brute in Vanbrugh's *The Provok'd Wife*, to open in the Lyttelton on October 2, directed by Peter Wood, will be played by John Wood. Also joining those already announced are David Bacon (Treble/Colonel Bully), Peter Bourke (Rasor), Lindsay Duncan (Bellinda), David Rowlands (Lord Rake), Oliver Bradshaw, Bob Cartland, Mary Chilton, Chris Cregan, Irene Hamilton, Geoffrey Leesley, Philip Talbot and David Vann.

★

The cast is now almost complete for Arthur Miller's *The Crucible*, to open in the Cottesloe on October 30 directed by Bill Bryden. Jeffrey Chiswick (Judge Hathorne), James Grant (Rev. John Hale), Tony Haygarth (Deputy-Governor Danforth), Anne Kristen (Goodwife Ann Putnam), Alex McCrindle (*Francis Nurse*), *Mark McManus* (John Proctor), Derek Newark (Thomas Putnam), Barrie Rutter (Ezekiel Cheever), and John Tams (Marshall Herrick) join those already announced.

★

The Chieftains—exponents of traditional Irish music—are returning to the NT for the first time in three years. They will give two evening concerts, on October 21 and 22 at 8.00 pm, on the open stage Olivier where their last NT concert, in February, 1977, was a sell-out. In 1976 they provided the music for the NT's production of Synge's *The Playboy of the Western World*.

Greenwich Theatre

Time and the Conways

by B. A. YOUNG

The time element in J. B. Priestley's time plays never seems to me as important as it does to him, but *Time and the Conways* is a fetching play, all the same, on its purely narrative merits. If Act 2 and Act 3 were played in reverse order, it would be a simple, straightforward family tale that might have been a serial in the Woman's Journal. But Mr. Priestley first shows us life in the Conway family (middle-class provincial) in the days immediately after the end of the First World War; then shows us how things happened for them 18 years later; and then takes up his story from the point where he left it in Act 1.

Naturally, this provides some useful dramatic ammunition when so many of the situations in Act 2 turn out to contradict the pointers in Act 1 and Act 3. Mrs. Conway, the bossy mother, whom Irene Sutcliffe plays somewhat in the mode of Queen Mary, becomes poor and sad, not prosperous and happy. Young Robin from the RAF (Philip Bowen) is a boozer, who neglects his wife (Diane Bull), a sweet little girl in Act 1, common and dull in Act 2. Madge (Alison Skilbeck) is not a headmistress after all, but a failed headmistress. Carol (Suzanne Burden) dies. Hazel and Ernest Beevers (Louisa Rix and Colin Higgins), who hate one another, marry unsuccessfully. And so on.

But Mr. Priestley, who was currently obsessed with the time theories of Major Dunne, would have us believe that there is more in these events than mere cussedness, so Kay (Clare Higgins), scribbling novels left-handed as a girl, reporting the movements of film stars as an adult, is given the capacity to feel in advance the sensations of the future in occasional waves of disquiet. And in Act 2, Alan (Bruce Bould, who develops resolutely according to pattern), explains vaguely the principle of serial time without in any way explaining the failure of events to go properly, or Kay's ability to sense the future.

The reversal of development is an ingenious dramatic idea for its own sake, all the same, and this ably-played production, directed by Alan Strachan, is well worth a visit.

BOXING BY JUREK MARTIN, IN WASHINGTON

Ageing Ali faces his 'final' battle

"AS THE days dwindle down to a precious few, September, October," the song runs. In American sports, normally these are the months for baseball, as "the boys of September" scratch and claw for those vital hits that will determine who wins ultimately the world series. This year is no exception, as high drama persists in at least two of the game's four divisions and as George Brett of Kansas City struggles valiantly, although probably vainly, to lift his batting average again to the magic 400-mark.

But baseball always has another season. On Thursday night, October 2, in the neon fantasy-land of Las Vegas, a man whose season must surely come to an end soon, whose *sporting days, it seemed*, had long since dwindled, will again command the national sporting limelight.

At the age of 38, long past the prime of his incomparable life, Muhammed Ali, once known as Cassius Clay, the Louisville Lip, the greatest, the saviour *of* boxing as a legitimate sport in America, will give it one last try.

He will enter the ring to try to become heavyweight champion of the world for the fourth *time against one* Larry Holmes, seven years his junior, the quintessential professional, a bit unexciting but very efficient, equipped with a ramrod left jab and a burning determination once and for all to consign Ali to a long overdue retirement.

There is scarcely a pundit in the country who doubts that Holmes will succeed.

Some *people* always ask, why does Ali do it? He surely has nothing more to prove in the ring, his legendary *reputation* can only be tarnished by defeat, as it was by his indifferent performances against countless boxers in his waning years. Six weeks ago, the newly mustachioed Ali was a bloated figure, a lumbering 270 pounds, a parody of the slim magnificence—indeed sheer beauty—that made him so imposing, so untouchable. It was even said that he was becoming punch-drunk.

Money, of course, has always been a factor for Ali. He is guaranteed \$8m (£3.3m) for his fight against Holmes—a great, if last, payday. It has never been entirely clear what he has done with his millions over the years.

His Moslem church gets some, his vast retinue absorbs some, but he hardly needs more from exposing himself again to another's fists. After all, his commercial viability in retirement is not in question; he is always doing television commercials, and President Carter even dispatched him as an emissary to Africa last year. Muhammed Ali would never be on the dole.

Perhaps it is pure pride, a refusal to admit that his physical skills have deteriorated, a determination to go where no man has gone before. He said that when he recaptured his title for the third time. Now he talks of a fourth time.

The word is that Ali has trained seriously for this fight (he is known to loathe training), and that he is now down to 225 pounds, not much above his great fighting weight. But everybody says that his old speed is gone, of foot and hand, that he could no longer knock down a middleweight, let alone a man his physical match, and that he can no longer evade the punches he once dodged contemptuously. In his more reflective moments, he has admitted this. So has his personal physician of many years, Dr. Ferdie Pacheco, who is genuinely concerned about Ali's condition.

Yet there has been always a dimension to Ali that has rendered conventional wisdom irrelevant. From the time he first destroyed Sonny Liston to his Zairean demolition job on George Foreman, he has made nonsense of those who doubted his self-confidence. Even Joe Frazier, no faint heart, could not draw as deeply from the wells of inner reserves that Ali found in the "thrilla in Manila." At the same time, by dint of his very presence, Ali has managed to cast some mysterious spell over his adversaries.

It is this extra *ingredient*, if he still possesses it, that is, perhaps, Ali's best and may be only weapon against Larry Holmes. If it is there, then Ali's "September song" (stretched by a couple of days into October) could be a transcendent aria. But if it is not, as all the *experts believe*, then add the word "swan" before "song" and weep for yet another professional athlete who did not know that the days had dwindled down to nothing and reduced the once-immortal to just so much more fallible flesh.

SOCCER BY TREVOR BAILEY

Norwich supporters disappointed

AFTER THAT impressive draw at Ipswich last week in the League Cup, Norwich supporters were hoping for rather more than a 2—2 draw at home against Birmingham who, judging by their results to date, and their performance on Saturday, are unlikely to achieve major honours this season apart from their prime objective of re-establishing themselves in the First Division.

On the other hand, John Bond has every right to be disappointed that only 13,801 turned up to see what proved to be a most entertaining match, in which both teams created sufficient opportunities to have at least trebled the total goal tally.

The outstanding managers are those who, *over a period of* years, are able to produce a team which consistently plays *above* its true potential and is also normally worth watching. John Bond undoubtedly qualifies *as a member of* this small, exclusive group, because he has established Norwich in the First Division despite limitations of both material and money. At the same time, all *the sides John* has fashioned have been inevitably short on true pedigree, but their approach has been essentially positive. He has been prepared to avoid the standard, normally rather negative systems and has had the confidence to experiment.

This was perfectly illustrated in the performance against Birmingham when he chose two genuine wingers, a rare sight these days, the highly promising Goble on the left and the tantalising, occasionally frustrating Woods on the right.

In the middle the exciting Fashanu created numerous problems for the opposition as a fast-running, fearless old-style centre forward. John tried to camouflage certain deficiencies in midfield by allowing his two flank defenders to push forward at every opportunity and to rely on his two central defenders subduing the opposing strikers — a brave, if not altogether successful, policy.

His new acquisition, the talented Muzinic from Yugoslavia, was employed both in defence and in midfield and should prove a considerable asset.

One could eventually imagine him filling the role which Viljoen did so effectively for Ipswich, when he has mastered the English language and overcome the obvious communication problem now existing.

The highlight of a game, which produced more clear-cut scoring chances than normally occur in two match, was provided by the Norwich second goal, which demonstrated what chaos brilliant individualism can cause.

Young Goble set out on an optimistic cross-field dribble which, having eluded several tackles, he carried on down the right wing leaving a number of bemused defenders in his wake. Fashanu, with perfect timing, rose high to head the cross into the net for a moment which will be treasured long after the match itself has been forgotten.

In these days of falling gates and increasing costs, a club like Norwich, although it fortunately commands an unusually large catchment area, cannot possibly exist on football receipts alone—and they are to be congratulated on the business-like way they have set about raising extra revenue. Apart from a thriving 25p weekly lottery producing £4,000 per week, they have met safety requirements behind the goal at one end by having a superb new stand erected by Carters. This building cost £1.25m and has transformed Carrow Road into one of the most attractive stadiums in the league. Importantly, it is very much a revenue-producing project, providing additional seats and standing accommodation.

It contains 20 well-decorated and appointed private boxes which have been taken by companies at £5,000 per annum, special facilities for their 101 club members, a fine directors' dining room which can also be hired, and a large impressive executive suite for dances and similar functions. The top of the stand will be utilised for open-air concerts next summer. However, the biggest potential money-spinner must be their own pub, which is contained in the building.

In the present age *of* hooliganism, their pub is understandably not permitted to open until 6 pm on *match days*. But it is a highly successful venture with an exceptional lunchtime trade drawn from the many adjoining factories. It is good to see the imagination which John Bond has shown through his players on the pitch now extended to fund-raising activities. One leaves Norwich with the feeling that here is a club which deserves to succeed.

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The decline of Labour

THE Labour Party conference opens in Blackpool today in dispiriting circumstances. It is not only that Mr. Callaghan and the so-called moderates are seeking to rely on the wholly undemocratic block votes of the trades unions in order to maintain the Party's constitutional *status quo*. Nor is it even the new outburst of fratricide within the trades union movement itself as evidenced by the attacks on such basically sensible men as Mr. Weighell and Mr. Chapple. In the Labour movement these matters pass almost for normal.

Social contract

The problems go deeper. It has become increasingly clear in recent years that the British left has lost any sense of political direction. It is no longer easy in the light of experience of Labour Governments (or Labour oppositions come to that) to say what the left stands for. It no longer stands for economic growth; nor even for the redistribution of available resources when growth fails to materialise. The records of Sir Harold Wilson and Mr. James Callaghan hardly show that "irreversible shift" in favour of working people and their families which successive Labour Manifestoes have promised. It is argued, not least by Mr. Callaghan, that Labour offers the possibility of a social contract with the trades unions and, therefore, social harmony. Yet events have shown the claim to be ambitious. It was the trades unions as much as anyone else who led to the defeat of Mr. Callaghan's government.

Freedom

Nor, if one moves away from the economy for a moment, is it easy to identify the Labour Party with causes that have been generally felt to be humane. Labour is not noticeably more internationalist than the other parties, nor any more caring about minorities. Its record on race relations is virtually indistinguishable from that of the Tories. It has yet to come to grips with the problem of state power, that creation of excessive bureaucracies on the principle that the state knows best. It is very doubtful indeed whether the Party as a whole has given any thought to bow the country can live within its means. On the contrary, it no longer promises either economic success or individual freedom.

The political question is how much this matters. There is after all no reason why the Labour Party should go on for ever as a major force in British politics. The country has already given a partial answer. Labour's share of the vote in the general election last year dropped to 36.9 per cent, its lowest level since 1931 and part of a cumulative decline over the last decade.

The last time the Labour Party achieved more than 40 per cent of the vote was in the election of 1970. Moreover, there was every sign last year that it was the trades union members and their families who were turning away from the party that was supposed to represent them.

It is of course possible that the shortcomings of the present government will lead to a Labour revival. But one should not count on it. There is plenty of time for the government to change its policies, or for present policies to succeed, or for alternative groupings to emerge. It does not seem very likely, whatever the current opinion polls may say, that a large part of the electorate will vote in a General Election for a party that has so clearly lost its bearings and is so obviously internally divided.

Procedures

The battles in Blackpool will be fought over the three questions of the mandatory reselection of MPs, the system of electing the Party leader and the control of the Manifesto. There is no reason why the present procedures should be sacrosanct. Behind the demand for change, however, is the campaign to drive the party yet further to the left and therefore even further out of touch with opinion in the country. That is why the more sensible people in the party need to resist. If the moderates prevail, they will still have a long haul to adapt the labour movement to the needs of the 1980s. They will have to show that it is different from the party of the past and from the many strands in the present Conservative Party. If they lose, they will have to face the fact that the British electorate is unlikely to vote *en masse* for the dotty and the dangerous left.

Zimbabwe needs Western aid

IT IS ONLY a little over five months since Britain successfully steered Zimbabwe to independence, an event which was rightly greeted with congratulations and relief around the Western world. Mr. Robert Mugabe was not the man most Western governments wanted to win, but, in those early days last spring, much was made in Western capitals of the need to match the new Zimbabwe Prime Minister's words of moderation and conciliation with aid of both a material and a moral kind.

What has happened since then? It was always recognised that Zimbabwe would confront enormous political, social, and economic problems, not all of which could be helped by an infusion of Western aid. But on the performance of the last five months, it is hard to avoid the conclusion that, if the West has not yet collectively turned its back on Zimbabwe, it is, in terms of its own past promises, beginning to offer the new state a cold shoulder.

Exact figures of what aid is needed in, or has been offered to, Zimbabwe, are difficult to obtain. Unsurprisingly, the amount of capital Zimbabwe feels it needs to meet its people's expectations has greatly increased since the West first started talking about an aid package in 1976.

Then Dr. Kissinger won general agreement that some $1bn would be an appropriate sum for the West to contribute to the new Zimbabwe's development. At Lancaster House a year ago, no specific amount was committed, though Zimbabweans naturally hoped for at least a similar total.

Less available

Now, however, very much less is available. Britain heads the list of donors, with an offer of £75m over three years. There is also a £3m military training programme, while the Government suggests that its decision to cancel £22m worth of pre-UDI debt and reschedule another £30m is to be considered as aid.

A long way behind Britain comes the United States: an initial $15m offer has been increased to $25m over some 18 months, but all President Carter could tell Mr. Mugabe on his recent visit to Washington was that the U.S. "hoped to work towards $150m."

West Germany, Italy, Holland, Sweden, Japan and Australia have offered some £40m between them, but actual aid pledged hardly amounts to £200m in total.

The last 10 days have seen a further show of meanness from the EEC Council of Ministers: Zimbabwe is to receive £50m in aid over the next five years under the Lomé Convention, but, largely at the instigation of France, is to be refused even a specific quota for its small sugar exports to the Nine.

Meanwhile, Zimbabwe is meeting a crisis of expectation, in part the result of discontent among 30,000 guerrilla fighters who are still in assembly camps with neither a war to fight nor jobs to go to—nor sufficient land to farm.

Frightening task

In the aftermath of seven years of war, Zimbabwe's new rulers face a frightening task. They must, by redistributing wealth in the form of new schools, clinics, land and jobs, try to satisfy the expectations not only of the fighters but of the millions of blacks, especially in rural areas, who bore the brunt of the war. Yet, they must also pursue policies which do not upset the small minority of whites, upon whose continued presence economic growth depends.

Already that confidence is being eroded by developments which show just how delicate are the problems facing Mr. Mugabe. The escalating violence from impatient guerrillas threatens Mr. Mugabe's authority and the fragile post-war peace. The Prime Minister's own decision to amend the law to prevent the return of General Walls, the former army chief, seems a deplorable misuse of constitutional process. But it must also be appreciated that is the act of a man desperately hoping to stem pressure from those who say his policies lack revolutionary fervour and cannot work.

Western interests in southern Africa are that Zimbabwe should develop along the moderate, non-racial lines Mr. Mugabe set down last March. But the country will have very little hope of doing so, unless it receives much more support from the West.

WRESTLING WITH RECESSION

British industry in a tightening vice

JOHN ELLIOTT looks at the issues raised in our series on British companies. In the first of the series **RICHARD LAMBERT** below examines Johnson and Firth Brown.

"IS BRITISH INDUSTRY being squeezed to death by the Government's policies?

"Will its manufacturing base be so eroded that, unable to recover quickly enough, it will decline further in the face of an unstoppable tide of imports when the recession ends?

"Or will it emerge leaner, more efficient, and better able to compete in world markets?"

Questions like these are dominating the minds of many leading industrialists and members of the Government at a time when it looks as if British industry is ahont to embark on its second major round of retrenchment this year, with even deper cuts into lahour forces and with even more closures than occurred earlier in the summer.

Industry's first shock came in the late spriog when companies reviewed their husiness results for the first quarter of the year and saw that the recession was beginning to bite and that activity was not picking up in the wake of the steel strike. Rapid de-stocking and manufacturing cuthacks were then ordered and economies were introduced. Most companies were willing to stand by the Government's policies, optimistically believing that by the autumn both interest rates and sterling would drop enough for them to recover.

Now senior executives and company chairmen are returning from their holidays to discover that the hoped-for new orders have not arrived and that the Government is showing no sign of doing anything significant to ease the cost of horrowing or of exporting in the immediate future.

They are therefore planning further cutbacks; to such ao extent that last week's CBI monthly trends report iodicated a rising tide of closures and redundancies. "Our problem is we cannot see the bottom of the recession yet and so cannot afford to go on bearing our present overheads wheo we are hardly making a real profit on anything. Once we see the bottom we can plan our way out," one industrialist explained at the weekend.

Many companies are now talking as if they have little or no intention of expanding their workforces again, or of reopening closed production lines and factories, when business improves. While trying to protect key activities like research and development, many of them are conducting surgery they have only dreamed of in the past. Until now, they explain, they have not had sufficient incentive to face the hnman and organisational prohlems involved.

The Government's policies are therefore having what many people would see as one of their desired effects: the dead, or nearly dead, wood in British industry is heing cut out and leaner, fitter companies should emerge.

The problem, however, is that many companies, especially those small ones which are most financially stretched by innovative enterprise, are also heing hurt seriously and capital investment is being cut. Unlike earlier recessions, it is also significant that there is virtually no sector of industry that is escaping, although some companies associated with electronics or North Sea activities are doing better than most. This means that suppliers and customers are heing hit across the country. So when the upturn eventually comes, most companies will not only bave to cope with their internal changes, they will also often have to find new suppliers and customers to replace those who have gone out of business—at just the time when foreign competitors can be expected to try to seize the initiative.

But most companies still insist that they are prepared to see the recession out—although at the same time they tell their contacts in Whitehall that the Government must do something to help soon. Some are gaining slight encouragement from a marginal improvement in export orders, although there is deep concern about the low, or non-existent, profit margins involved.

Some are also encouraged by the changed sbop floor attitudes which are enabling them to push through redundancies, improve productivity, and to hegin to negotiate single-figure pay rises. But such shop floor quiescence could lead to a trade union backlash wben the economy improves.

In addition, industrialists are concerned that the Government will not he tough enough in its public sector pay negotiations this winter to match the relatively low offers being made in parts of the private sector.

Optimists believe a cut in interest rates may he imminent. But any cut is unlikely to be large enough to bave mnch impact on the level of sterling, which is the most often quoted key worry. And there is no sign of any other significant aid being provided to help with the corporate liquidity problems which are pnshing companies into their next round of cutbacks.

The articles that follow in this series do not set out to give any final or definitive answer to what the future holds for British industry. Inevitably some companies have problems they wish to hide, or troubles they would rather gloss over. Equally there are companiea which are facing such severe problems, or such tough foreign competition, that they do not want to expose their troubles.

What we do hope to do is to shed light on the decisions that companies are taking in the face of the worst financial and industrial problems that most managers have faced in their careers. The picture which emerges is of manufacturing industry being determined to adapt as fast as it can in order to help set Britain's economy on a new course.

But impatience with the Government is growing ominously quickly because, in the view of many industrialists, the private sector is taking an unfair share of the impact of policies which also to a considerable extent depend on tough action by Ministers in the public sector, especially on pay negotiations, for their success.

"It's like having an operation without an anaesthetic. If it saves your life you will be grateful later, but while it's going on you scream like hell."

IN THE City's view, Johnson and Firth Brown is a prime victim of the squeeze on manufacturing industry. Three fifths of its capital is tied up in the beleaguered special steels sector. The strength of sterling has shattered the profitability of some of its most important businesses. Its finance costs are soaring, since it has a high level of borrowings mostly on a floating rate basis.

The result is that its shares currently sell at little more than a third of their net asset value. The stock market values this steel, wire and engineering group at less than it has spent on fixed assets in the last three years alone, and a yield of over 20 per cent on the basis of last year's dividend shows that a considerable cut is anticipated in this year's payment.

Yet the group's managers are not as openly despondent as might be expected. Some aspects of Government policy are bitterly resented, yet these tend to be of a generalised nature—like nationalised industry prices, the level of public sector wage settlements, and of energy costs. But the strength of sterling and the high cost of borrowing money seem to provoke resignation rather than hostility. And in the vital area of industrial relations, there has been a marked change in the attitudes both of management and labour in recent months.

According to Mr. Philip Ling, the group's general manager, "We shall only know in retrospect whether we approve of Government policies. It's like having an operation without an anaesthetic. If it saves your life you will be grateful later, but while it's going on you scream like hell."

Johnson and Firth Brown has plenty to scream about at the moment. Domestic demand for a wide range of its products has fallen by a quarter and more since the spring. The bulk of its workforce is on a four-day week, with the fifth day being subsidised by Government payments.

In some parts of its business it is fighting a desperate struggle to protect itself against imports which have been sucked in by the rise in sterling. In wire, for instance, it estimates that importers have taken their share of the market up from virtually nothing to about 15 per cent in the quite recent past. Along with the other market leaders, Guest Keen and Bridon, it is now trying to hold the line by cutting into profit margins. Its sterling prices fell by a tenth and more last month.

Johnson & Firth Brown Limited

Profits (year to March)	£8.8m
Sales („ „ „)	£285m
Of which exports (approx)	17%
Employees (1979)	14,331
Of which in UK	13,879
Capital employed	£132m

Export profits have also been severely hit. One example is the roll-making business, which has annual sales of nearly £30m and exports about 70 per cent of its output. According to Mr. Ling, its products are technologically advanced, its plant is first class, and its costs compare well with any of its international competitors. It has taken generations to establish a pre-eminent position in important overseas markets like Canada.

"Were we right or wrong to have invested heavily in roll-making?" Mr. Ling asks rhetorically. "If the answer is 'wrong' then there is no future for manufacturing industry in this country."

The group has decided that if it pulls back now its overseas customers for rolls will never be recaptured. So it is persisting with its export efforts, even though in terms of profits the results at present are negligible.

The group is fortunate in that commercial decisions like this are apparently not having to be tempered by financial considerations. Although debt represented as much as 70 per cent of shareholders' funds in the last balance sheet, Mr. Ling says there are no cash problems and he speaks highly of the supportive attitude of the banks towards industry in general during the recent squeeze.

Evidence of this is that Johnson and Firth Brown has recently repaid its overdraft with a new seven-year term loan at no extra cost. It has retained its overdraft facility, and has not been obliged to offer any security.

The cost of capital, adds Mr. Ling, is a secondary consideration at present. "We could bear the heavy interest burden so long as we were sure that demand was eventually going to pick up."

The result is that although the group is cutting back its activities it has not been forced to bite into the heartland of its business. Its UK workforce, which numbered nearly 14,000 last year, is being reduced by about 15 per cent, but this does not appear to be a temporary response to the current squeeze.

Ever since the wire maker, Richard Johnson and Nephew merged with the Thomas Firth and John Brown steel business in 1973, the enlarged group has been cutting back on its least efficient and profitable activities, and increasing the emphasis on more specialised, higher value products. What appears to have been happening recently is that the pace of this activity has quickened.

There certainly seems to have been an important sea change in the attitudes of management and labour in recent months. Earlier this year, there seemed a real possibility that the current pay round would bring settlements of the sort that would simply have finished off sizeable chunks of the business. This threat seems to have receded. Managers have been forced to recognise that they are not in a position to contemplate large pay awards, and the spectre of really serious unemployment has been seen on the shop floor. The signs are that pay settlements could settle down in the 7 to 10 per cent bracket.

Johnson and Firth Brown has not yet suffered permanent damage from the recession, and it may emerge as a leaner and more efficient business. That will depend on two things. The first is the timing of the eventual upturn. The second is the long term health of its major customers. To take the obvious example: if the UK automotive industry does not recover from its current malaise, then nor will its domestically based suppliers.

MEN AND MATTERS

Who follows Roy?

Despatches from the Blackpool front will be eagerly scanned in Brussels this week where Roy Jenkins, referred to by the comrades as the Old Pretender of British politics, hopefully waits to unfurl his centre party banner.

The outcome of Labour's uncivil war may determine not only Jenkins' future, but who succeeds him at the EEC Commission as well. So far, it seems, Margaret Thatcher has had even less success than Jenkins himself in finding someone among Labour's ranks to follow him.

The Prime Minister has not found James Callaghan's whispered suggestions at all helpful, I am told. She blenched noticeably at the name of Fred Mulley, though some considered his defence experience and ability to sleep through formalities ideal qualifications. Other names were not thought worth repeating—and The Lady is still puzzled about how that of John Prescott, former leader of the Labour group at Strasbourg, ever raised an echo.

Thatcher's finger pointed instead, with all the directness of Kitchener's recruitment poster, at Joel Barnett, the puckish Manchester accountant who was Denis Healey's deputy at the Treasury and now heads the Commons Public Accounts Committee.

Barnett refused to take the shilling—or more precisely the £45,000 a year—at the first asking—and rejected it even more firmly when the invitation was pressed on him a second time. He would say no more yesterday than: "I'm very happy with my job as chairman of the PAC. There is no question of me going to Brussels."

But Barnett managed the last Healey campaign for the leadership and would certainly be given a senior Cabinet command if the bushy-browed photographer takes over from Callaghan in November and eventually succeeds to Downing Street. Similar calculations may well delay a decision from other pro-Market moderates in the running, including Dickson Mabon, the boy scoutish founder of the Manifesto Group, at whom The Lady's digit may next be levelled.

"This year, instead of 'The Red Flag,' I think we should end with 'Brother Can You Spare a Dime.'"

Pru's peak

From its dottily-designed pink palace astride Holborn Bar, the Prudential Corporation is lord of, if not quite all it surveys, then usually at least a disclosable percentage. Mighty indeed are the men from the Pru, and none more so than the chief investment managers of the £7.5bn portfolio.

The Pru's well-oiled evolutionary processes will raise investment manager, Brian Medhurst, to join Ron Artus among the Gothic pinnacles when Peter Moody, retires at the end of the year. "We tend," observes Medhurst, "to grow our own timber." He confesses to finding the job a daunting prospect but a 22 year career with the group, including five years running the £2bn UK equity portfolio has given him a head for heights.

What does Medhurst look for in the companies behind whom he puts his corporate weight? "Management," he responds directly. "We take the longer view. We like to feel that the company is well-run, that we know the people and like them."

Coming into the job at a mere 45, and still fit enough to hold on to the Pru squash championship, Medhurst would seem to have many years of prudence ahead of him. Had he never been tempted out of the Pru's portals? There have been offers—all of them "absolutely resistible," he says. "I am a round peg in a round hole at the Pru."

Fresh air

Recessions do not inhibit Peter Dau, ebullient European head of Sullair, the U.S.-owned compressors group that it about to break into the British market. "That's the time to get on the move," he breezed over the line from Germany yesterday. "When everyone else is standing still or backing away."

And that's not just a lot of hot air, Dau insists. He started the company's European operations in 1974, in the depths of the economic crisis that followed the first major oil price increase.

"We've been quite successful," he said modestly.

Sullair did not get where it is today with a fourfold sales increase over the past six years to $152m, by standing around waiting for better times, said Dau. "It's not just a question of the market. If you've got a good product and a good guy to run things he'll do it even in the bad times. Especially if you give him 10 per cent of the equity as an incentive."

Sullair's technical developments have been a major factor in its competitive impact, enabling its salesmen to open up new opportunities in much the same way as their latest steam jet is now liquefying the tar sands of California to greater depths. "We're two years ahead of our rivals," Dau claimed confidently. More than enough to ensure that the small force he is gathering in Uxbridge will make its breakthrough. "The British market is the last big one in Europe left for us to attack," he reflected. "I've got to start thinking about the next target."

Dining in

No palpitations for Keith Wickenden, European Ferries chairman and new owner of Singer and Friedlander, as he enters the rarefied air of that most exclusive of City clubs, the merchant bankers' Accepting Houses Committee. As Tory MP for Dorking, he is a founder-member of an even more elite political club at Westminster.

Wickenden arrived at the Commons after last year's General Election to find the other Tory freshmen busily forming new dining groups at which policies, personalities and the plaice could be comfortably dissected together. Lord Thorneycroft's former aide, Tristan Garel-Jones, and similarly eager young men of intellect formed the "Blue Chips." Old Etonians, Wykehamists and fellows from Balliol took their places at separate tables.

When the chair-shuffling stopped, Wickenden (East Grinstead Grammar) and Sowerby's jolly Don Thompson (Tipperbolme Grammar) found themselves still standing. They promptly formed their own club, the Yorkshire and Sussex Yeomanry, and restricted its members to Tory natives of the counties denied the benefits of both public school and university education.

For a year they have dined formally at a table for two, unable to find anyone among the other 337 Tory MPs qualified to join them. Now they have decided to amend their articles of association, waiving the birthright clause to share their pottage with Rossendale stockbroker, David Trippier (Bury Grammar), and Rochester's former food minister, Peggy Fenner (Brockley Elementary).

Observer

FINANCIAL TIMES SURVEY

Monday, September 29, 1980

NIGERIA

TWENTY YEARS OF INDEPENDENCE

PART ONE: PART TWO WILL APPEAR TOMORROW

Nigeria is black Africa's most influential state: one in four Africans is Nigerian; it has the continent's largest army, is the second largest supplier of oil to the United States, and Britain's tenth biggest trading partner.

Those are just four reasons why the West pays attention to Nigeria, which this week celebrates its twentieth anniversary of independence. In those years Nigeria has moved from the civilian leadership of Prime Minister Sir Abubakar Tafawa Balewa (above) through 14 years of troubled military rule to the civilian Presidency of Alhaji Shehu Shagari (right) elected a year ago.

THIS two-part special survey marking 20 years of Nigeria's independence has been written by a team of six Financial *Times journalists, each of whom* visited Nigeria during August and September. The Survey has been edited by Bridget Bloom, Africa Editor, who writes the section on politics in Part Two.

Tony Hawkins, Professor of Business Studies at the University of Zimbabwe and Salisbury correspondent, has written the section on the Economy which opens Part One.

Martin Dickson, formerly Africa correspondent and now Energy correspondent, has written the following section on Energy, while Ian Rodger of the financial staff has written the sections on Finance and on Industry.

Mark Webster, Africa specialist on the foreign staff, concludes Part One with a review of Agriculture and the Social Sector.

In Part Two, Michael Holman, Central Africa correspondent, writes about communications.

Most of the photographs in the survey were taken by staff *photographer* Ashley Ashwood.

The designer was Phil Thompson and the production editor Peter Thompson.

BASIC STATISTICS

Area	923,768 sq km
Population	82.7m (est.)
GDP 48.7bn Naira (1979/80)	
Imports (1979)	US$11.8bn
Exports (1979)	US$16.7bn

Trade with UK 1979

Imports	£638m
Exports	£186m

Currency
£1 = 1.27 Naira
100 Kobo = 1 Naira
US$1 = 0.54 Naira

CONTENTS

PART ONE

Good management is the key to the future

At a time when most developing economies face an increasingly hostile international economic environment, Nigeria, by virtue of its oil wealth, has a golden opportunity to break out of the low income poverty trap. And it is a particularly refreshing aspect of Nigerian society today that there is a general consensus on the type of economic strategy needed to secure this breakthrough into self-sustained development.

THE PROGRAMME outlined in the 1980 budget and likely to be reiterated in the 1981 budget next month, and in the recently-published Guidelines for the Fourth National Development Plan emphasises the central theme of structural change primarily in the form of rural development and much-enhanced self-sufficiency.

Unfortunately the gap between good intentions and achieved performance is a substantial one. Many of the well-intentioned policies outlined in the Third National Development Plan, in particular, have not been achieved—an obvious reason for this being the "management gap" that was so evident during the 1870s, and is still a major constraint on the economy today. The real challenge facing the Nigerian economy in the 1980s is that of successfully *managing* structural change, rather than, as in the last 10 years, allowing the economy to career off along the road of unbalanced and ill-administered growth.

This is not to imply that Nigeria has squandered its oil wealth. Far from it. There is considerable visible evidence in the much-improved roads network, the heavy spending on housing and construction, the high level of commercial trading activity and the progress made towards Universal Primary Education to demonstrate that many, if not most, Nigerians have benefited, at least to some degree, from the oil boom.

But growth has certainly been urban-biased—largely confined to Lagos and the other cities. In all probability, the 70s witnessed a widening of income and wealth disparities in Nigerian society with the rich becoming relatively better off and the poor relatively, if not absolutely, worse off. The neglect of agriculture, upon which more than 70 per cent of Nigerians depend for their livelihood, has itself ensured a deterioration in the pattern of income distribution. Indeed, the visitor to Lagos is repeatedly told—by Nigerian officials and businessmen as well as by expatriates and diplomats—that since the civil war at the end of the 1960s Nigeria has experienced "growth without development."

This is a somewhat superficial assessment at least partly attributable to the faddish popularisation in development economics in the past 20 years of the distinction between growth and development. In Nigeria's case, this criticism can be sustained—up to a point—in terms of the published economic information.

Thus the National Accounts Survey published by the Government shows that in 1974, the urban sector, which accounted for only 17 per cent of total population, secured 36 per cent of total income. In the urban sector itself, 83 per cent of the population belonged to the lowest income group with 12 per cent being described as middle income earners and 5 per cent fitting into the high income category.

There are no income distribution figures to validate the widely-held impression that the pattern of income is very heavily skewed in favour of an urban minority, especially in the commercial and distributive sectors. The Economic and Statistical Review for 1978 notes: "One knows from personal experience of the living style in Nigeria that quite a few of the population, who are very rich, tend not only to exhibit exotic taste, but also to consume more than their fair share of national income."

An absolute fall in rural living standards was probably only prevented by urban workers' remittances to their families in rural areas.

That the pattern of growth has turned out to be lop-sided is hardly surprising when seen in historical context. In the early 1960s, Nigeria was the stereotype colonial economy chugging along almost entirely on the strength of its success in exporting agricultural products, especially cocoa, groundnuts, palm kernals and palm oil, which in 1960 accounted for almost 60 per cent of total exports.

Although commercial production of petroleum started in 1958, it was only in mid-1860s that oil started to have a material impact on the economy, accounting for more than a quarter of exports in 1865.

On this and the subsequent five pages Tony Hawkins reviews the major developments in the Nigerian economy since independence 20 years ago. He concludes: 'Probably the most crucial constraint on the economy today is the lack of management skills and expertise. These must be developed on a far greater scale than in the past, even if this means reliance on expatriates in conflict with stated Government policy.'

But the advent of oil revenues was largely overtaken by the civil war in 1967-69 which, aside from its obvious disruption of the economy, meant that funds that would otherwise have been available for development were spent on armaments and soldiers.

In the early 1970s oil revenues were again siphoned away from development by the high cost of maintaining Africa's largest army and by spending on reconstruction after the war.

But the quadrupling of oil prices in 1973-74 gave Nigeria both the foreign exchange resources and the Government revenue to embark on an ambitious programme of investment in the infrastructure. Expenditure under the Third Plan 1975-80 was set at some N30bn—almost six times the Second Plan whose total outlay was N5.3bn.

The oil boom was just too much for the economy and for the administration — inflation soared to 35 per cent, bottlenecks were evident throughout the economy, the transport system, the ports, telecommunications and water resources were simply unable to cope.

But by 1980 the position is much improved. The ports are no longer congested. The roads have improved and telephone services are far better. Many constraints are still evident—most obviously in respect of food production and of management and expertise, which is why investment programmes in the 1980s must be biased towards rural and human resource development.

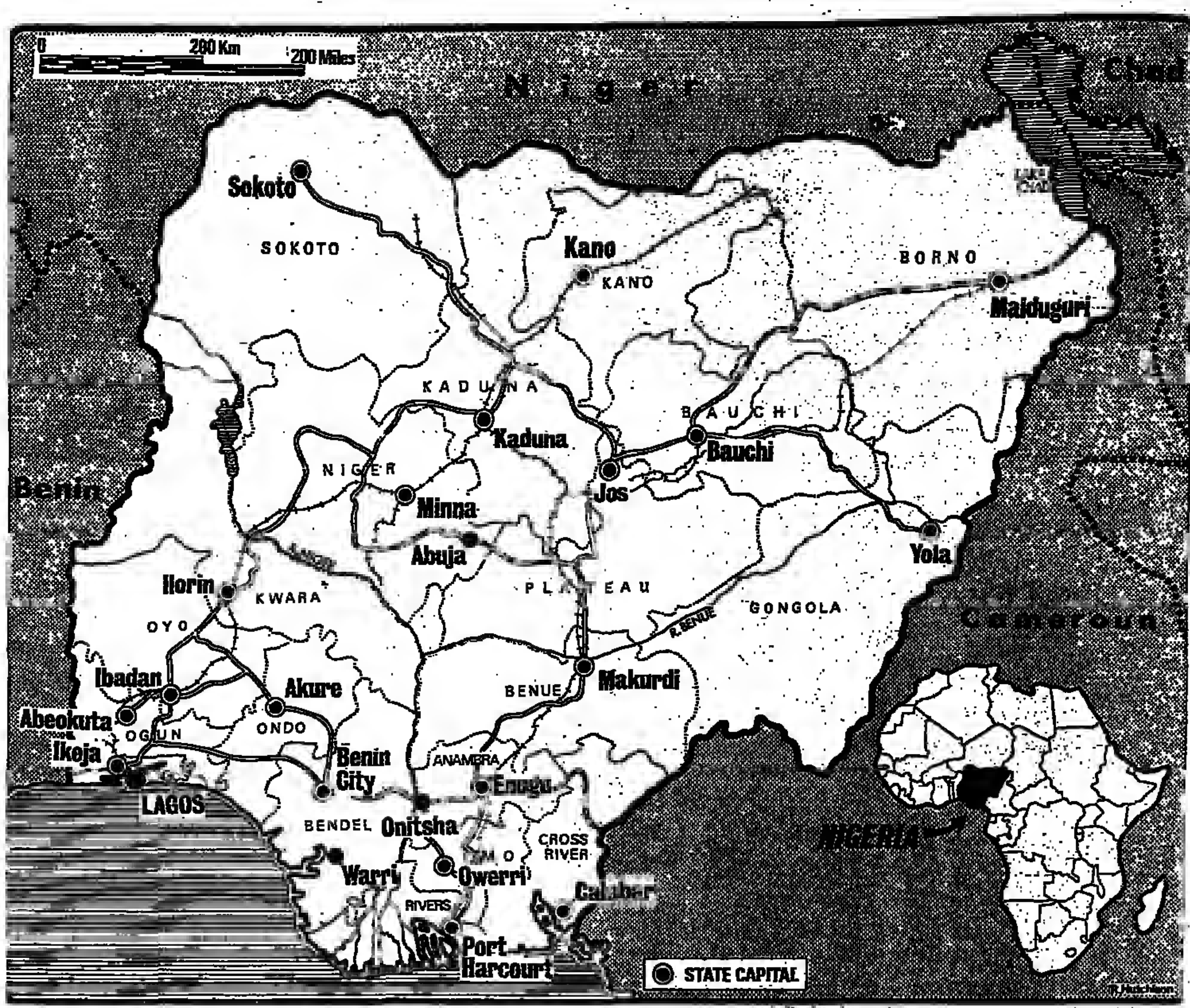
This unbalanced growth notwithstanding, there are a number of social indicators that do reflect very real development, rather than just growth. Thus, university enrolments more than trebled from 14,500 in 1970 to 53,000 in 1978, while in the case of secondary schools the increase was from below 200,000 at the start of the decade to 1.65m in 1978. The primary school population trebled during the 70s to exceed 10m in 1978.

Life expectancy increased from 39 years in 1960 to 48 in 1978. The ratio of doctors to population improved radically from one doctor for 57,000 people in 1960 to one doctor for 15,800 people in 1978. The number of hospital beds per 1,000 people rose from 0.45 in 1970 to 0.75 by 1978 while electricity consumption per head more than trebled during the 70s.

In absolute terms, many of these social indicators fall short of the "average" for middle-income economies, into which category Nigeria falls, but progress is being achieved which gives the lie to the simplistic assertion that the country is growing without developing. There is evidence, too, of social mobility.

The "growth without development" school is on firmer ground, however, in the narrowly economic context of the "enclave" nature of the oil sector. Not only is oil a highly capital-intensive activity employing some 6 per cent of the employed labour force while producing 24 per cent of Gross Domestic Product and 95 per cent of exports, but its direct linkages

CONTINUED ON PAGE IV



Decrees produce increased local ownership of industry

INVESTMENT

NIGERIA'S 'INDIGENISATION' policy has certainly succeeded in its prime objective of increasing Nigerian ownership of industry. A recent paper by Professor G. O. Nwankwo, an executive director of the Central Bank of Nigeria, shows that by 1976, Nigerians owned almost 42 per cent of private sector capital as against 7 per cent 10 years earlier.

The advance of Nigerian ownership is most apparent in the mining sector, including petroleum, which was wholly foreign-owned up to 1972 but which was 61 per cent Nigerian owned in 1976. (See tables on pages 12 and 14.)

The Nigerian Enterprises Promotion Decree (1977) classifies all enterprises into Schedule 1 activities (exclusively reserved for Nigerians), Schedule II enterprises (minimum of 60 per cent Nigerian ownership) and Schedule III businesses which have to be at least 40 per cent Nigerian-owned.

Service activities and unsophisticated manufacturing is effectively barred to foreigners while the 60 per cent requirement applies to a wide range of manufacturing activities such as brewing, soft-drinks, cement, confectionery, matches and metal containers, as well as to industries in which large Government participation is expected such as iron and steel and fertilizers.

The 40 per cent requirement is applied to basic industrial sectors such as chemicals, raw materials and transport equipment along with well-established industries that have traditionally had a high level of foreign investment (textiles being an example).

The effect of the NEPD decrees is that any new foreign investment has to be joint venture in character, at least to the tune of 40 per cent Nigerian ownership.

In his paper, Professor Nwankwo says that this programme has promoted rather than retarded direct investment in Nigeria.

Expatriate businessmen argue rather differently, saying that since 1977 there has been little in the way of new foreign investment—in the sense of actual capital inflows—though it is conceded that foreign investors continue to plough back unremitted profits.

This latter view was apparently supported by the Industry Minister, Mal'am Adamu Ciroma, who was reported last month as saying that since 1977 the inflow of foreign investment had virtually dried up.

Professor Nwankwo himself admits that there was "disinvestment" by foreigners in years in which the indigenisation decrees were announced or in which they became operational.

Trebled

Despite this, the book value of private foreign investment in fixed assets in Nigeria is shown to have trebled between 1966 and 1977 when it reached N2bn. Britain's share barely changed over the period, hovering around 50 per cent, but the U.S. share rose from 17 per cent to almost 30 per cent, while Western Europe's share (excluding Britain) fell sharply.

On Professor Nwankwo's figures, Britain invested N750m in Nigeria between 1966 and 1977, well over half of which represent reinvestment of unremitted profits.

Surprisingly, the figures suggest that non-oil investment grew faster than that of oil companies during this period—14.3 per cent a year, against 11.7 per cent a year. By 1977, oil investments represented some 39 per cent of the total as against more than 50 per cent in 1966, while the non-oil share had risen from just under half to just over 60 per cent.

But ownership does not necessarily imply control and this is a touchy point with some Nigerians, reflected in the system of "expatriate quotas." The 1978 Economic and Statistical Review published by the Government notes sadly: "Regrettably, in spite of the indigenisation decrees, the management of businesses is still firmly in the hands of foreigners."

One reason for this, says the report, is that Nigerian shareholders appear to be more interested in dividends than in who is running the company, which seems understable enough. But the report is sharply critical of foreign companies, which it accuses of forcing "technical agreements" on the Nigerian ownership that leave expatriates holding the managerial reins.

It is important, the report says, that expatriates are not appointed to managerial positions that could effectively be filled by Nigerians.

In a country where managerial expertise is at such a premium, particularly in the public sector, this is a harsh and even short-sighted assessment. The fact is that management is an expensive item in Nigeria with businessmen estimating that indigenous managers, let alone those recruited abroad, are relatively more expensive to employ than in Western Europe or North America.

Foreign investment in Nigeria is being constrained not only by the shortage of managerial talent and the impact of indigenisation, but also because decision-making in the public sector, on such vital issues as the availability of land, the level of tariff protection and so on, is a very protracted affair.

Complexity

One businessman estimates that it takes two or even three times as long to implement an investment decision in Nigeria than in Europe because of decision-making delays and the sheer complexity of the regulations that must be observed.

A reversal of the indigenisation policy seems most unlikely if only because the Government's political opponents would make enormous capital out of any going back on the NEPD. At the same time, there is an influential school of thought in the public as well as the private sector that argues for a scrapping of the policy in respect of agriculture in the hope that this would help turn that sector around.

Because of Nigeria's oil wealth, money capital is not the issue. Foreign investment in all sectors is desirable not so much from the funds inflow viewpoint—which is frequently relatively small anyway—but because of the people and the access to technology that it implies.

T.H.

SCOATRAC FOR ALL REASONS

Scoatrac is known by the company it keeps.

Crawler Dozers
Crawler Loaders
Motor Graders
Hydraulic Excavators
Motor Scrapers
Wheel Loaders

Cummins
Gensets Engines

Ermont
Asphalt Mixing Plants
Asphalt Spraying — Gritting sitting Rond
Maintenance Equipment
Asphalt Storage — Transport Equipment

Ingersoll-Rand
Blasthole Drills
Breakers and Jackhammers
Crawler Drills
Portable Air Compressors
Vibratory Compactors
Water well Drills

EUCLID
Dumpers

ESCO
Spare Parts and Accessories

Bergeaud
Cone Crushers
Jaw and Impact Crushers
Screens and Conveyors

BROS
BROS TT
Static Compators

Scoatrac's 5 years of dazzling history.

If growth were to be measured by turnover alone, Scoatrac has certainly performed remarkably. Between 1975 and 1977, its turnover rose by 24% and in the period 1977–1978 it steadied to a very healthy pace. With the economic downturn of 1979 it held its own through carefully thought out diversification, without sacrificing any of its specialisation. But Scoatrac'sgrowth has not been restricted to mere turnover and profits. Rapit development has been matched in manpower and materials have been made with full understanding of the Construction Industry needs. Whether the need is for Product, Service, Spare Parts, Training or Communication.

Scoatrac's investment in training.

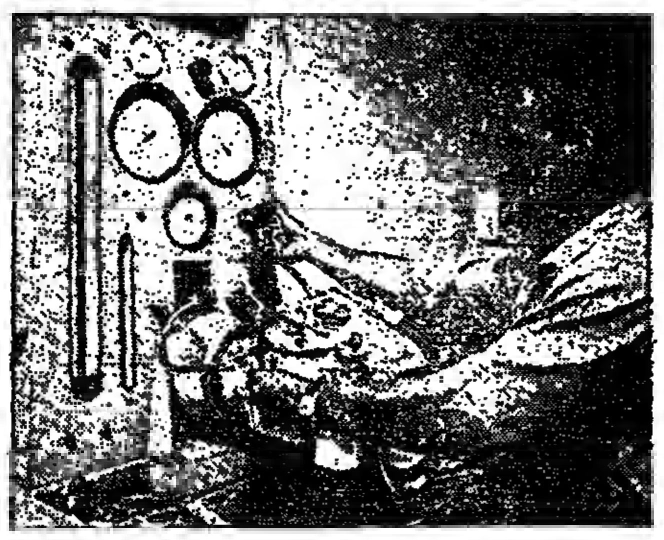
Training is another major ingredient in the magic of Scoatrac's development. The company realised at the onset that it was entering a market in which the construction industry was relatively young by international standards. Scoatrac has now built up its own expert local staff and to extend this privilege to its customers' personnel. Over the years Scoatrac has put a high premium on training and the results have been most rewarding for all concerned.

A full year training programme is available to customers' personnel to participate in. Their personnel can be trained at the job site on the proper operation and maintenance of equipment. Formalised indepth training, both theoretical and practical, is also available at the Lagos Training School.

Furthermore, the policy of continuous training is regarded very highly in Scoatrac and won't be compromised. Technical staff are continuously being trained on the job by experienced Scoatrac staff and factory representatives. All the salesmen are subjected to regorous refresher courses monthly and to full classroom training quarterly.

Scoatrac's commitment to service.

However good the equipment, it will break down sooner or later. In Nigeria, a distributor is simply judged by the speed with which each machine that fails is returned to work.



Fuel Injection Pump Testing

Transmission Test Hydraulic Bench

The Scoatrac headquarters in Lagos has fully equipped workshops that include the following facilities:

Machine assembly section Engine, transmission, etc., rebuild shop Fuel injector pump room Electrical repair workshop Test beds, etc.

These facilities are manned by highly skilled Nigerian and expatriate engineers and technicians. Similar facilities at the branches in Kaduna, Ibadan, Port Harcourt and Enugu. Equipment and personnel to support customers are not just tied to branches. Mobile workshops and vans are constantly on the move to and from customer sites.

Scoatrac's aggressive market approach.

Long before the products arrived, suitable volumes of spare parts and training materials were stocked. This has been the guiding policy of Scoatrac, part of its forward thinking marketing approach. Factory representatives were also, on the insistence of Scoatrac, stationed in Nigeria to help resppnd to customer needs and to train our local personnel.

It was this sort of stage that was set when Scoatrac imported the first Fiat Allis earthmoving machines. These were then aimed exclusively at roads, dam irrigation schemes, airports and pipe/cable laying construction industry.

Scoatrac's international expertise.

Scoatrac is a division of SCOA Nigeria Limited which is affiliated to the SCOA Group. This Multi-Billion group is involved throughout the world in a wide range of activities, covering the agricultural and forestry sectors, industrial refrigeration and household equipment, to name but a few. This international connection enables SCOA to develop business in any part of the world, provide adequate back up, technology and experience to support special local projects. Scoatrac's positive approach to its operations in Nigeria will ensure the future, and be beneficial to all concerned.

Scoatrac looks ahead with the eighties.

Scoatrac is looking confidently in the face of the coming eighties and we have a lot to offer for the development of the nation.

The unique advantage which only Scoatrac can offer is the ONE-SOURCE package that allows you to call on one distributor for your Service, Parts and Training. The product range was consciously designed to be comprehensive and the backup service total.

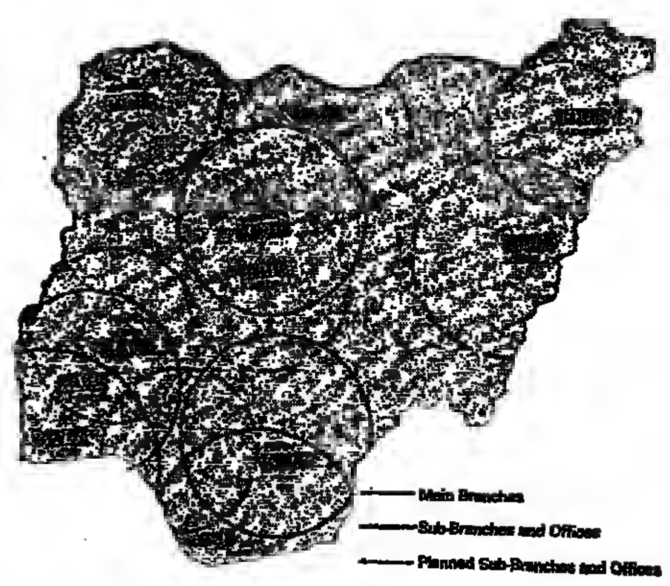
But it doesn't stop there, for the market is always being reviewed, new techniques and machinery to meet those needs examined. To keep ahead, Scoatrac thinks and plans ahead to give the customer, the right machine, at the right price, at the right time, and the right location with the right backup.

Scoatrac a truly nationwide sales and service operation.

Today we are proud to be spread all over Nigeria, with our main branches at Lagos, Ibadan, Port Harcourt, Kaduna; our sub branch offices at Numan, Benin and our planned sub branches and offices at Ilorin, Abuja, Sokoto, Kano, and Maiduguri.

All main branches, sub and planned branches are now connected with Radio controlled communication system that has proved to be a great success.

Communication with all our branches are to us and to our clients are of paramount importance; on that score we have left no stone unturned.



SCOATRAC

a division of SCOA Nigeria Limited

Dual Carriage Way, Isolo Industrial Estate,
P.M.B. 1108 Ikeja Tel: 48144/45249
Cables: Torfymot, Telex: 21376

UNDESIRABLY HIGH DEPENDENCE ON FOOD IMPORTS

'Relative prices have shifted against agricultural producers, while the younger and more able-bodied element in the labour force is increasingly lured to the bright lights of the cities in search of better paid and more congenial employment.'

CONTINUED FROM PAGE II

with the rest of the economy are minimal.

Its critics argue—with justification—that there is little technological transfer in oil and little "learning by doing," with the industry relying heavily on imported expatriate skills.

Domestic inputs are slight and forward linkages—further processing—marginal. Although Nigeria's refining capacity is increasing, it remains the world's largest exporter of crude and in the first seven months of 1980, deliveries to Nigerian refineries averaged a mere 122,000 barrels a day from output of 2.2m barrels a day.

But while the industrial linkages from oil are undeniably tiny, the fiscal redistributive effects — from federal Government taxation and expenditure—are demonstrably huge. Of total federal Government revenue of almost N12bn this year, oil revenues will account for no less than 83.6 per cent. Put simply, oil income will not only finance the entire N3.7bn being devoted to recurrent spending, but also provide more than N6bn towards the capital expenditure budget of N7.6bn.

Industrial linkage effects aside, oil has transformed Nigeria's economic potential in terms of foreign exchange earnings, international creditworthiness and Government revenue. At the same time, the authorities have allowed the country to proceed too far along the road towards a mono-economy with all that that implies in terms of undue dependence on one export sector.

The public spending and foreign exchange restraints imposed in 1978 were the direct consequence of the 25 per cent fall in the volume and 17 per cent decline in the value of oil exports that year. By the end of the decade such is the dependence of Nigeria on oil that a leading official, discussing the short-term outlook for the economy, says: "It all depends whether or not there is a Middle East crisis. . . ."

Because oil is a wasting asset and because rising domestic fuel consumption will cut into revenues later in the decade, it is essential that Nigeria broadens its export base before 1990. The need to rehabilitate agriculture is underlined by socio-political as well as narrow economic arguments. At Independence in 1960, Nigeria was, to all intents and purposes, self-sufficient in foodstuffs. Agriculture contributed two-thirds of GDP, more than 80 per cent of exports and provided a livelihood for upwards of three-quarters of the population.

Reliable statistics simply are not available, but the World Bank has estimated that agricultural production grew at 1 per cent to 1.5 per cent a year in the 60s and 70s—far slower than the economy itself, which grew at 6 per cent annually in the 1960s and more than 8 per cent a year since 1973—and also well behind the rate of population growth put at between 2.5 per cent and 3 per cent a year. From self-sufficiency in food 20 years ago, Nigeria has moved to a position of undesirably-high dependence on imports. Last year, food imports accounted for 17 per cent of the total as against 8 per cent in 1971. In absolute terms this represents an increase from N100m at the start of the decade to N1.1bn in 1979.

One particularly revealing set of figures covering the 1962/75 period shows that the production of only one crop—rice—kept pace with population expansion.

There is no single explanation for this unhappy state of affairs. The Sahelian drought virtually wiped out cattle production, groundnuts, cotton and other crops in north-western Nigeria in 1972-73 and its consequences lasted well into the second half of the decade. The civil war left its own inheritance of rural problems—neglect of the infrastructure, such as feeder roads, and the breakdown of many marketing and distribution networks.

Relative prices have shifted against agricultural producers, while the younger and more able-bodied element in the labour force is increasingly lured to the bright lights of the cities in search of better paid and more congenial employment.

Public sector investment has tended to be concentrated on the physical and social infrastructure and while agriculture was not totally left out in the cold, by 1978 only 2.5 per cent of investment during the Third Plan period (1975-80) had actually been allocated to agriculture as against 14 per cent to manufacturing, 28 per cent to transport and 11 per cent to education.

Agriculture's projected share during the plan period was higher at 6.5 per cent, but this target was not met, which underlines a further problem—the absorptive capacity of farming. Investment has been restrained to some extent because the managerial skills and expertise so vital to success is not available in anything like the necessary quantity.

If the success of the civilian Government's Green Revolution programme were merely a matter of the re-orientation of public sector investment, then there would be far greater optimism in Nigeria about the prospects for a better balance in growth. Unfortunately, past programmes—such as the military Government's "Operation Feed the Nation"—were failures. Accordingly, it's widely acknowledged that policies for the new programme must not only extend well beyond the allocation of a larger share of the investment cake to agriculture, but also into a different strategy focusing on small scale agriculture.

The case for focusing on rural development is virtually impregnable, though there are still those who scorn the prospect of a return to the agrarian-based society of colonial times. Politically, it implies greater regional balance in development, the need for which is obvious.

Young people crowd into the cities to seek jobs: the young would-be trader is one of the most common sights in the crowded streets of Lagos Island

In social terms the case for rural development is threefold. First, income per head in the rural economy is anything from one-half to one-third of the national average, which means that a sustained improvement in rural living standards would improve the pattern of income distribution.

Secondly, rural development programmes offer the most direct method of improving living standards for the bulk of the community.

Finally, rural-urban drift has brought a host of social problems that would be ameliorated if this could be slowed.

It certainly is not going to be reversed. In 1960, 22 per cent of Nigeria's population lived in the two cities with more than half a million people. Today there are nine such cities catering it is estimated for 57 per cent of the population.

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Policymakers urged to take a different view

AT THE end of a decade in which manufacturing industry failed to reach the admittedly-ambitious targets laid down in the development plans, Nigerian policymakers are being urged to change tack in their industrialisation policies.

A very persuasive and tightly-argued paper, prepared for the federal Government by two U.S. economists working under the auspices of the World Bank, argues that existing incentives to industry are at variance with priorities spelt out in various Development Plans.

Thus, industries based on domestic raw materials—agro-allied and export industries—are accorded a high priority in theory but in practice are entitled to low incentives. By contrast, those industries based on imported raw materials are accorded a low priority yet attract "very high" incentives.

The paper, by Trent Bertrand and James Robertson, argues that this has occurred because "paramount attention" has been paid to the objective of increasing industrial activity while insufficient regard has been given to international competitiveness, the resulting cost to the consumer of industrial protection, the drain on Government resources and disincentives for other parts of the economy.

The study of 74 industrial activities in Nigeria concludes that the existing structure of incentives is:

- Biased against agro-allied industries.
- Biased against industries based on mining or forestry.
- Biased against the "few sectors" still able to compete in world markets.
- Biased against industries processing domestic raw materials.
- Biased heavily in favour of industries that process imported raw materials.
- Even more heavily biased in favour of companies assembling imported components for the domestic market.

This amounts to a formidable indictment of existing industrial incentives which include trade restrictions—tariffs and import controls are the most important protective devices applied—special fiscal incentives such as tax relief and concessionary tariffs on imported inputs and, of course, what is widely regarded as an over-valued exchange rate. The exchange rate understates the real cost of imports and militates against export expansion.

The Bertrand/Robertson paper argues that 30 per cent of Nigerian industry would be viable or better off without these incentives, while a further 43 per cent would be "possibly or probably viable" without incentives. The balance of 27 per cent would be non-viable or of doubtful viability were incentives to be scrapped.

The important point, though, is that the industries to benefit from scrapping the present incentives, which implies also devaluation of the Naira, include those with strong linkages to agriculture or involved in processing domestic raw materials. Furthermore, the existing incentives favour consumer goods industries relative to those producing intermediate or capital goods.

They call for a new deal that would bring industrial policy into line with the priorities specified in the Development Plans. They advocate a liberalisation of existing import restrictions and tariffs, which the Government might well accept, allied with devaluation of the Naira which is highly unlikely at a time when exports are surging ahead and external reserves at a record high.

Accepting that devaluation is a non-starter, the paper is likely to have a profound impact on Government economic strategy, because of the devastating way in which it pinpoints the conflict between the impact of the incentives on the one hand and Government industrial priorities on the other.

T.H.

NEED FOR RURAL DEVELOPMENT, BUT SUCCESS IN DOUBT

"But rural development on its own is no panacea. Nigeria also needs industrialisation and a broadening of its export base to reduce its dependence on oil. Furthermore, because domestic oil consumption is rising rapidly, Nigeria must find a new major foreign exchange earning industry by the 1990s."

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There are five prime economic arguments for giving top priority to agricultural growth.

● Balanced growth. So great has been the imbalance in Nigerian expansion since the middle-60s that it is clearly vital to tackle the problem of stagnation in the lagging sector — agriculture.

● Linkages. Agriculture, and particularly small-scale farming, offers considerable linkage effects — both forward in the form of crop processing and backward in the supply of inputs like fertilizer, farm implements, pesticides and seed.

● The balance of payments. Nigeria is currently spending more than N1.2bn a year on food imports which will rise rapidly over the next decade unless present production trends are reversed. In addition it is vital to widen the export base and reduce dependence on oil.

● Employment. Nigeria's population growth rate is a touchy political subject, but the evidence suggests population is rising at between 2.5 per cent and 3 per cent annually, while half of the population is aged under 18. This means that a serious job creation problem is developing which will not be solved by the expansion of urban and industrial employment.

● Inflation. In Nigeria, spending on food accounts for about half household expenditure. Food prices rose 500 per cent between 1970 and 1977, as against a 200 per cent increase for other commodity prices, increasing a further 35 per cent between 1977 and 1979. Recently, there have been renewed sharp increases in food prices in urban areas.

While there is near-general agreement on the need for rural development, there is a deep strain of pessimism about the prospects of success. Human resource development and the provision of managerial skills is seen as crucial to the success of the Green Revolution programme, with the Guidelines to the Fourth National Development Plan underlying this point:

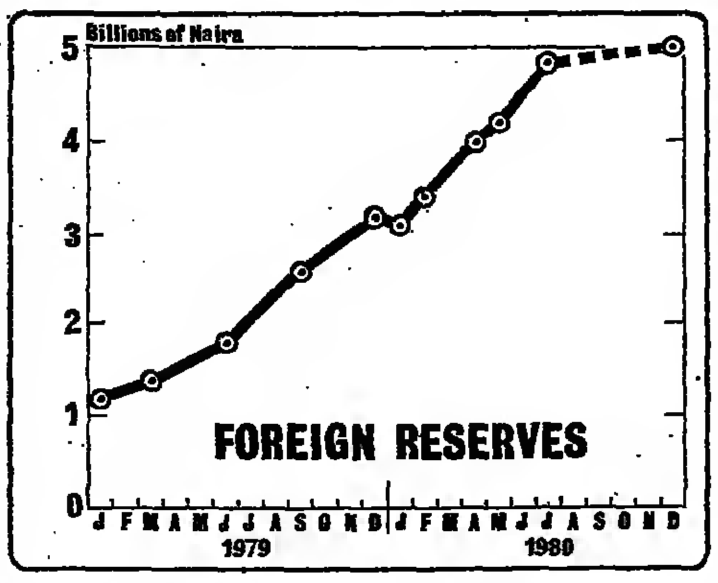
Potential

"Development does not start with goods and things; it starts with people—their re-orientation, organisation and discipline. When the accent of development is on things, all human resources remain latent, untapped potential."

In agriculture, this means spending more on extensions and training and less on large-scale irrigation projects and productive capacity. In addition, Government simply has to boost its managerial and administrative capacity, its decision-making potential, to ensure that investment becomes more productive.

The World Bank reported last year that the capital-output ratio in Nigeria more than doubled from 2.0 in 1974 to 4.5 in 1978, meaning that more than twice as much capital was needed in the latter period to achieve the same increase in production. Small scale investments using more labour and less capital are called for.

At the end of the day, it is more than just a matter of providing physical ingredients—feeder roads, marketing depots, seed and fertiliser—the vital elements of rural credit, expertise and management must also be available. It is this managerial constraint that threatens to jeopardise the programme rather than physical shortcomings.



But rural development on its own is no panacea. Nigeria also needs industrialisation and a broadening of its export base to reduce its dependence on oil. Furthermore, because domestic oil consumption is rising rapidly, Nigeria must find a new major foreign-exchange earning industry by the 1990s. At present, only about 10 per cent of oil output is being consumed locally, but present projections suggest this ratio will have reached 50 per cent by the early 1990s, with serious adverse implications for foreign currency earnings.

The obvious complement to, and eventual substitute for, oil exports is gas which, with very substantial investment over the next decade could become a major export-earner in the 90s.

Today, the balance of payments on current account is determined by three considerations—the level of oil revenues, the level of imports permitted by the authorities and the size of the invisibles deficit.

The conventional wisdom embodied in the Fourth Plan is that Nigeria will enjoy a current account surplus throughout the plan period to 1985. This would be the result of continuing import restrictions on the one hand and buoyant oil revenues on the other. The planners are forecasting oil exports in the 1981-82 period of 2.2 mbd (which looks high for the first half of 1981, if not longer). Thereafter, oil exports would fall to 1.94 mbd by 1984-85 in line with both declining production and rising domestic usage. At the current price (US$37 a barrel), this implies exports of more than N16bn from oil alone in 1981-82—more than 60 per cent higher than in 1979.

But by 1984 oil earnings, at current prices, would fall below N15bn. Given the very strong likelihood of changes in both the oil price and the Naira/U.S. dollar exchange rate, such forward projections are of dubious value. That said, the projections do make the point that after export growth of 90 per cent between 1974 and 1979 and possibly a further 60 per cent in the 1979-82 period, the visible trade surplus could come under very strong pressure by the middle 1980s.

Indeed, there is at least some evidence to suggest this happening already. Last year, Nigeria had a trade surplus of close on N4bn, but with imports likely to show an increase in excess of 40 per cent in 1980, the trade balance may be slightly lower. Furthermore, in the next two years very rapid import growth is anticipated, given both the high import content of capital investment in the development programme and the fact that in the 1970s, import elasticity was as high as 1.9—meaning that imports were rising nearly twice as fast as GDP. With a deficit on invisible account in excess of N1bn annually, Nigeria needs a substantial trade surplus if the current account in the balance of payments is to stay in the black as forecast in the plan.

Some Lagos bankers and businessmen believe the plan, like its predecessor, is overly optimistic. One merchant bank describes the present payments surplus as "a more or less temporary phenomenon," likely to switch into deficit, or at least decrease appreciably, in the next two years.

Of course, everything depends on oil demand and prices, but the likelihood of falling oil export earnings by 1985 is just one more reason for moving quickly to diversify the export base. This point is underlined further by the World Bank's 1980 World Development Report which predicts that by 1985 the real value of oil export earnings "is likely to be falling" for some countries.

To maintain their growth, the Bank says, some oil exporters will have to borrow more. Because Nigeria is substantially underborrowed — by current Third World standards — it could easily resort to greater foreign borrowing than in the past. But the country's economic managers are extremely conservative on this front. World Bank figures for 1978 show that Nigeria's debt-service ratio was a mere 1.2 per cent of export earnings as against 13.8 per cent for the "average" middle-income developing country.

In the current fiscal year (to December 1980), Nigeria planned to raise N1.1bn in foreign loans, but the bulk of these were to be obtained from the World Bank and other multilateral institutions rather than commercial markets. Government's attitude is that external loans should be long-term in nature and used "only to complement Government resources."

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Fourth National plan puts emphasis on domestic capital

DEVELOPMENT PLAN

NIGERIA'S FOURTH National Development Plan, covering the 1981-85 period, projects a real growth rate of 8.3 per cent a year, modestly lower than the 10 per cent a year actually achieved in the 1975-79 period.

The highest growth rates are projected for manufacturing and services while agricultural output is again expected to grow more slowly than the economy—at a rate of 5 per cent a year.

The oil sector will grow very slowly—1.5 per cent a year—and by 1985 its share of GDP will have fallen to around 15 per cent from its current 25 per cent.

Details of the plan have still to be finalised and publication is not expected until early next year, but the Plan Guidelines forecast investment averaging N6.6bn a year over the five-year period as against N5.7bn annually under the Third Plan. This would mean that Nigeria would be investing some 16 per cent of GDP each year.

The bulk of this investment—73 per cent—will be by the public sector with the private sector investing N1.8bn a year. This latter figure looks high by 1975-79 standards, especially as private investment has been slowed to some extent by the indigenisation measures which not only discouraged direct foreign investment after 1977, in particular, but also siphoned off "new" productive investment by domestic private investors whose savings were channelled into the purchase of shares in the indigenised industries.

In line with the Plan's emphasis on "self-reliance," investment will be largely financed from domestic savings. "Foreign loans and grants will be de-emphasised" according to the Guidelines. In 1978, gross savings were running at 24 per cent of GDP which, if it is maintained, would go most of the way towards funding the proposed level of investment.

This is chiefly a reflection of Government taxation of oil revenues and private savings are likely to remain low though one of the objectives of the plan is to improve the mobilisation of savings, especially in the rural sector.

Because the Fourth Plan is just one of a series of medium-term development plans, its basic objectives are essentially similar to those of previous documents. These include raising real income per head and improving the pattern of income distribution, reducing unemployment, diversifying the economy, securing more balanced development and increasing participation of Nigerians in the ownership and management of business enterprises.

The Fourth Plan however adds five new objectives which reflect the consequences of unbalanced growth in the 1970s. Thus, the plan repeatedly emphasises the need for greater self-reliance and reduced dependence on the external sector. It calls for the development of technology and reduction in rural-urban drift. Recognising the human problem restraining development in Nigeria, the plan lists as one of its objectives: "The promotion of a new national orientation conducive to greater discipline, better attitude to work and cleaner environment."

An important difference between the Third and Fourth Plans is that, despite the oil wealth, Nigerian planners expect to enter the 80s with "much slimmer financial resources than we have been used to." This, the Guidelines say, calls for a "drastic modification" of development strategy, specially in the way of increased self-reliance and reduced dependence on oil.

Involving people

Previous plans have provided the necessary physical infrastructure for development and it is now necessary to "mobilise the masses," directly involving people, rather than things, in the development process.

Cost consciousness is emphasised too. Planners are enjoined to "think small" rather than in terms of grandiose projects. Existing project designs and plans should be used where possible to minimise consultancy fees and effort should be geared towards what are termed "simple, functional and economic projects" that can be executed using direct labour and local resources.

The sectoral breakdown of the investment programme is still being evolved, but first priority will definitely be agricultural production and processing "for the simple reason that this is the sector that is likely to contribute most towards the achievement of self-reliance."

Second priority will be further strengthening of the physical infrastructure—power, water and telecommunications—which is currently inhibiting growth. Investment in roads and air transport will have a materially lower priority than previously, but increased attention will be paid to maintaining road networks and developing secondary and tertiary communications. Emphasis will shift to the railways which the Guidelines see as "a weak link."

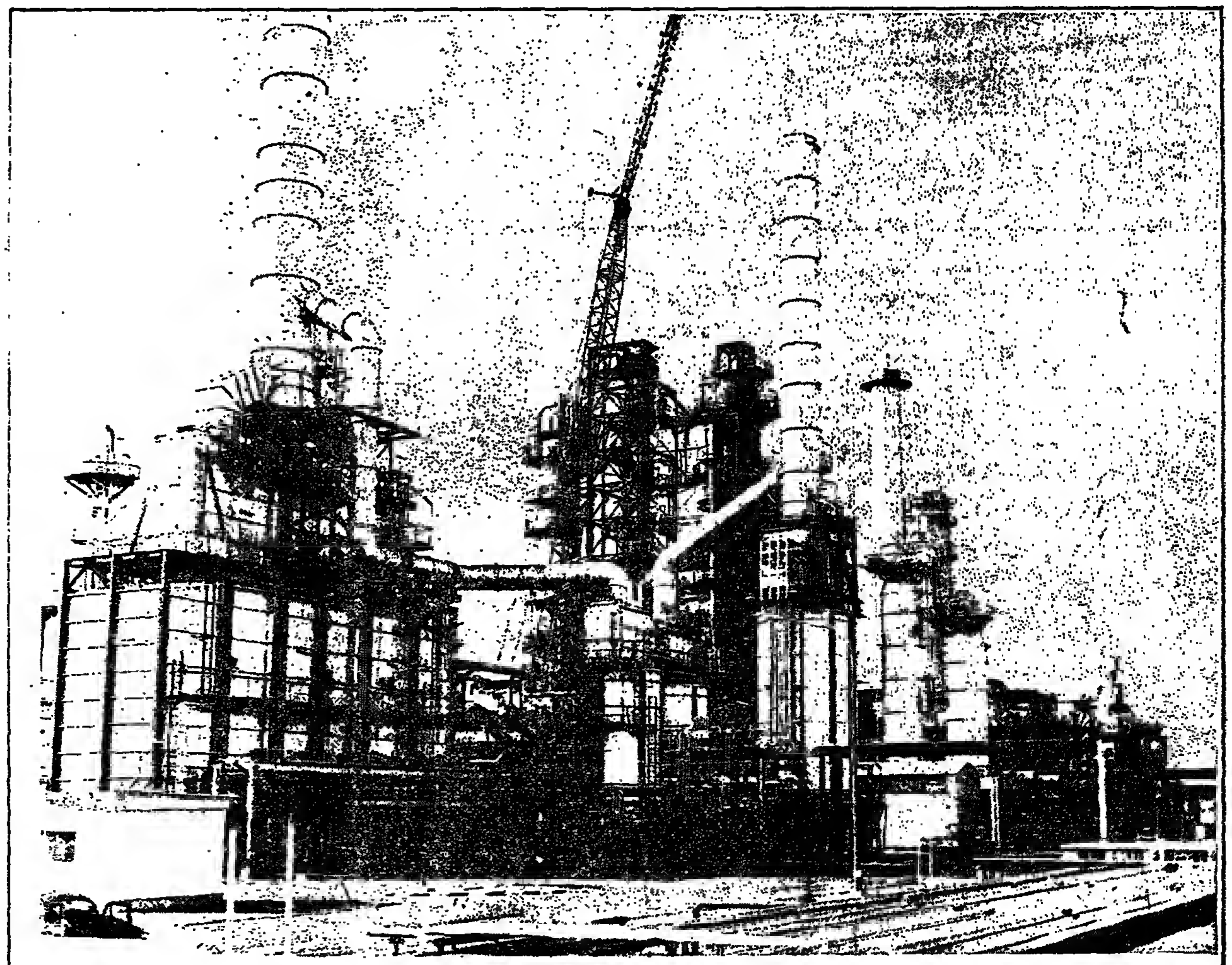
Indicative of the plan's commitment to development—rather than growth—is the promise to measure its achievements not simply in terms of economic aggregates but also in respect of its impact on the quality of life.

"The common man is more interested in such things as the availability of drinking water, housing units, medical facilities, good roads, life expectancy, educational facilities, calorie intake, etc.," the Guidelines say.

Accordingly, in the next plan period, agencies will be required to establish "physical targets" against which subsequent performance can be measured.

This itself is a recognition of the need to switch away from investment in physical infrastructure alone and to emphasise the impact of Government activity on the man in the street, or, more particularly, the man in the village.

T.H.



INDUSTRIAL POLICY MAY HAVE TO BE REVISED

"Britain, with exports to Nigeria of N 1.55bn in 1978 and West Germany (exports of N 1.4bn) are the country's main suppliers, both having trade surpluses with Nigeria in excess of N1bn . . . . Although Britain remains Nigeria's main supplier, her market share in 1978 was down to 18.5 per cent from 30 per cent in 1970."

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There is no enthusiasm at all for a repeat of the 1978 experience when $1.75bn was raised in two jumbo Euro-credits. However, smaller borrowings to finance specific projects are taking place. Large-scale balance of payments loans are seen by Nigeria as evidence of economic weakness, of dependence on outsiders, which Nigerians do not like, and as evidence of economic mismanagement.

On the trade front, there is a case not only for diversifying the export base but also for changing the direction of trade. The country is currently locked into the North-South trading pattern with a vengeance, with both trade and investment links heavily concentrated with OECD countries.

In 1978, 77 per cent of Nigeria's exports went to OECD countries and the ratio was almost certainly much higher last year due to the higher oil price, while 90 per cent of imports are purchased from the industrial economies. The U.S. is Nigeria's main trading partner with a trade deficit of almost N2bn in 1978 which is estimated to have more than doubled to above N4bn last year, reflecting the higher price of oil.

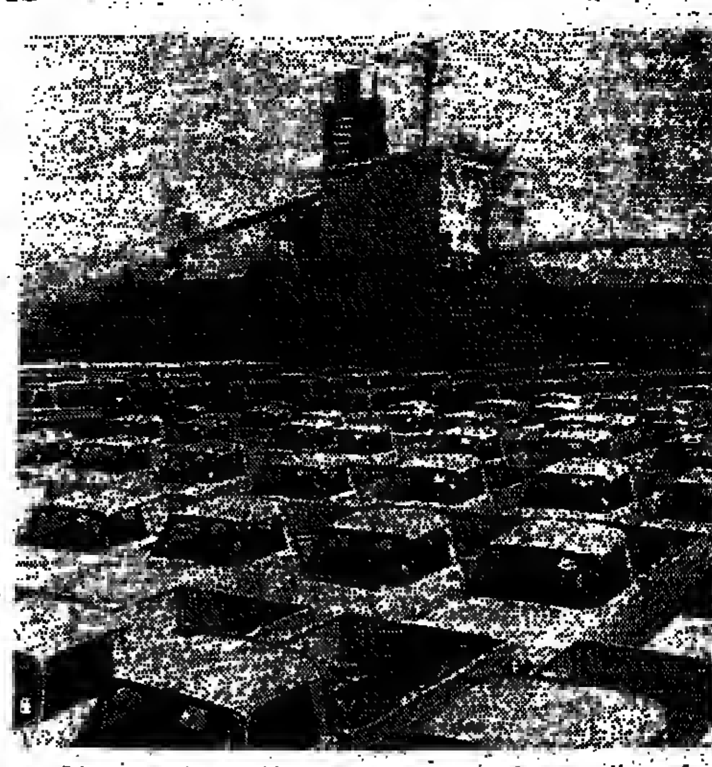
Britain, with exports to Nigeria of N1.55bn in 1978 and West Germany (exports of N1.4bn) are the country's main suppliers, both having 1978 trade surpluses with Nigeria in excess of N1bn. Nigeria also has a substantial trade deficit (N900,000) with Japan as its exports to that country are negligible.

Trade with the rest of Africa is tiny—exports of N168m and imports of N63m in 1978—but Ministers say interest in Nigeria from South-East Asia is on the increase both in terms of trade and direct investment. Although Britain remains Nigeria's main supplier, her market share in 1978 was down to 18.5 per cent from 30 per cent in 1970.

Diversification of the productive base in the form of import-substitution and industrialisation has been disappointing in two main respects. First, although manufacturing grew faster than GDP during the 70s so that its share in GDP rose from 6 per cent in 1970 to 7 per cent in 1979. This was slower than forecast in the Third Plan, which projected growth of 18 per cent a year. The actual performance was nearer 13 per cent a year.

More important though than the shortfall in the rate of expansion was manufacturing's failure to extend its linkages with the rest of the economy. Value-added, as a percentage of gross output in manufacturing, remained at 47 per cent through the post-oil boom period. Obviously, the higher the value-added share the better, and the Fourth Plan projects an increase in value-added to 55 per cent by 1985, though if this is to happen, industrial policy may well have to be revised.

The pattern of Nigerian imports, suggesting that less than 25 per cent represents consumer goods (excluding food, which is a further 17 per cent), implies far greater self-reliance than is the reality. The fact is that industry is heavily biased towards local assembly of imported parts or local processing of imported materials. This in turn helps explain the low value-added content.



Although Britain is the country's main supplier of goods, cars and trucks from France are the most popular in Nigeria. Here, Peugeot trucks are unloaded at Tin Can Island Port, near Lagos

Employment data is sketchy. The World Bank estimates the labour force at 54 per cent of the population, which would imply a labour potential of some 45m people. On the Bank's figures, the ratio of employment in farming is now down to 56 per cent from 70 per cent 10 years ago while industry's share has increased from 10 to 17 per cent and the share of services from 19 to 27 per cent.

That Nigeria faces a formidable employment generation problem over the next 20 years is obvious. By the turn of the century, its population will have risen to 150m on World Bank estimates with the labour force growing at 2.9 per cent a year, implying that even at the present time, about 1m job-seekers are coming on to the labour market each year.

It is here that Nigeria's vast "informal" sector or "irregular" economy is making an immense, if immeasurable, contribution in providing a living for thousands—possibly even millions—of people who would otherwise constitute a potentially-destabilising army of urban unemployed.

Budgetary policy is closely aligned with oil revenues. In 1966, government spending totalled N491m, or 16 per cent of GDP, while revenue was a mere N330m, or 10 per cent of GDP. More than 70 per cent of this revenue took the form of customs and excise duties with

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Short-term future disconcerting

OUTLOOK

THE PARALLELS between the autumn of 1977 and that of 1980 are sufficiently close to make for caution in assessing the short-term outlook for the Nigerian economy. Then, the economy was expanding very rapidly, at more than 12 per cent in real terms, as a result of the 1973-74 oil price surge, substantially increased public spending and sharply rising imports.

But because Nigeria had raised the price of its oil by 2 per cent in April 1977, when it should probably have cut it, oil exports tumbled 16 per cent from more than N7bn in 1977 to N5.9bn in 1978. As this happened at a time when imports were growing at 40 per cent, the impact on both Government revenue and the external accounts was severe.

The net result was a series of deflationary measures from which the Nigerian economy has only recently started to emerge.

While it would be wrong to suggest that a similar unhappy sequence of events is necessarily at hand again in 1980-81, there are some disconcerting economic straws in the wind necessitating a cautious approach—to oil marketing policy in particular—by the Nigerians.

On the surface, all is well. The economy is growing at an estimated 8 per cent to 9 per cent in real terms this year after 10 per cent real expansion last year. Growth has been inhibited to some extent by delays in approving the March 1980 budget which slowed down the rate of public expenditure in the first eight months of the year, but this should pick up progressively in the final quarter.

Successful

On the whole, the medium-term stabilisation policies designed to correct the balance of payments deficit of N1.3bn in 1978 (N2.4bn on current account) and to slow inflation, have worked, and in the March 1980 budget, import curbs were liberalised to some degree and a measure of reflation—notably in public spending—permitted.

The robust current account position is evident in the build-up of external reserves from N2.7bn a year ago to N4.8bn at the end of August and forecast to break the N5bn barrier by Christmas. And yet, the worrying straws are certainly there.

For a start, imports have risen steeply and this is important—even before the enhanced level of public spending starts to show in the balance of payments figures. According to Mr. Ola Vincent, Governor of the Central Bank of Nigeria, the outflow of foreign exchange (imports and invisible payments) is averaging more than N1bn a month, which compares with an import bill, a year ago, N500,000 monthly. Export earnings, before the oil downturn, which only started to show in July, were running at N1.15bn monthly, implying a current surplus of more than N100,000 a month.

The worry is that export earnings will not be maintained at these levels because of the drastic weakening in the oil market. Early last year, after the Iranian revolution, the market for the "sweet" crudes—from the North Sea and three major African producers, Libya, Algeria and Nigeria—was running at around 7.8m barrels a day (MBD). Today, reflecting the fall in demand and the fact that heavy crudes from the Gulf, which are some $5 a barrel cheaper, can be substituted for the "sweets," the market is estimated to be down to 6.3 mbd.

With the North Sea and smaller African producers able to hold on to their markets, the impact of this fall in demand is being shouldered by the three major African producers. In 1977, when Nigeria played its cards badly in overpricing its oil just as the market was turning sour, it bore the brunt of the market decline, setting off the chain-reaction of events that lasted through until 1979-1980. The Nigerians are unlikely to repeat this mistake.

In recent weeks, exports have started to decline significantly in response to market forces. Production in August at 2,045,000 barrels a day was 150,000 bd below the "norm" of 2.2m bd and this decline was extended to 300,000 bd by early September, implying a 13 per cent reduction.

Whether Nigeria will cut its price to try to halt the fall-off in exports remains to be seen but the oil market outlook—at least for the next six to nine months—is hardly encouraging.

Even if exports were to fall as far as 1.75m bd (from a norm of 2m bd), oil revenues at current prices would still be materially higher than in 1979, but the coincidence of sharply rising outflows on current account (partly imports and partly the running down of the backlog in debt payments, corporate remittances and so on) and falling oil income could push the balance of payments into temporary deficit again next year.

Even with imports at their higher levels Nigeria still has reserves to cover between five and six months of outflows. But if the oil downturn is at all prolonged, then expansionist policies and import liberalisation plans may have to be moderated both because of the balance of payments constraint and the federal budgetary situation.

Taking the strain

The short-term requirement is for Nigeria to ensure that its light crudes do not become over-priced relative to those exported by Algeria and Libya. At the same time, the authorities are anxious to keep the import tap open and allow the reserves to take the strain as this will help to curb inflationary pressures which are currently on the increase. In addition, import curbs would inhibit the public spending programme.

Estimates of real growth rates are highly speculative, partly because of scepticism about the inflation figures but also because of the massive revisions to the national accounts that take place from time to time. Thus, the 1979/80 GDP figure, at current prices, is now being estimated at more than N48bn as against the previous estimate, only a few months ago, of N32bn — a 50 per cent discrepancy. That said, the revised figures suggest real GDP has been growing at almost 10 per cent a year since 1974. In per capita terms this means a 45 per cent rise in average real incomes since the oil boom.

High growth rates should be maintained in the next two years, though much will depend on the duration of weak oil markets.

Given Nigeria's dependence on oil exports and its strong external reserve position, it is easy to understand official opposition to suggestions that the admittedly overvalued Naira be devalued. In the past three years the Naira has moved up some 20 per cent in terms of the U.S. dollar and the Nigeria authorities appear to be linking their currency — informally — with the pound.

No one really doubts that the Naira is overvalued, but it is hard indeed to make a convincing case for devaluation when oil exports, dominated in U.S. dollars, account for 95 per cent of foreign earnings.

In any event, it can be argued that the exchange rate helps to moderate inflation and while there is a strong theoretical case for devaluing to help agricultural exports, there is no point in contemplating such a policy unless or until the export base —manufacturing — as well as agricultural — has been broadened sufficiently to benefit from a more competitive parity.

T.H.

PATTERN OF GROWTH ALL-IMPORTANT IN THE 1980s

'Looking ahead, Nigeria needs to widen its revenue base partly to reduce the economy's "stop-go" element but also in anticipation of falling oil output in the late 1980s.'

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direct taxes providing only N35m.

This year, thanks to the oil funds, government expenditure will exceed 30 per cent of GDP, with 83 per cent of revenue being derived from oil. Indeed, the State takes more than 99 per cent of oil company revenues.

Although recurrent spending by the federal Government has increased almost four-fold since 1975, there has still been a very large revenue surplus used for capital expenditure. In the 1980 fiscal period (which is nnly nine months due to the change in the Government's final year-end from March to December) there is a revnue surpins of some N5.3bn which will finance 70 per cent of projected capital spending of N7.6bn.

In fact, because the budget was only approved hy the Assembly at the end of June, State spending in 1980 will fall well behind target so that Nigeria is unlikely to need the N1.1bn of foreign borrowing forecast in the hudget estimates.

Clearly such dependence on oil revenne has severe disadvantages. When the oil market softens—as is the case at present—there is a direct impact on federally-collected revenue which necessitates public spending cuts. Certainly this is what happened in 1978, after the 1977 fall in oil demand.

Looking ahead, Nigeria needs to widen its revenne base partly to reduce this "stop-go" element but also in anticipation of falling oil output in the late 1980s.

The disparity between capital and recurrent spending (roughly two-thirds capital to one-third recurrent) raises the spectre of "underfinancing"—that is inadequate current spending on the maintenance of capital equipment and public infrastructure.

In many developing countries and not just in Nigeria—this is a very real problem and the productivity of Government investment is jeopardised by this failure to provide enough for nperation and mainteoance.

In Nigeria this problem is a hy-product of the very substantial capital investment hy the Government in the 1970s—poorly maintained roads, the very short life of transport equipment and insufficient apeodiog on agricultural extensions, are all symptoms of the underfinancing disease.

Although the stabilisation programme introduced by the military Government in 1978 has largely paid off—reserves are at a record high, Government revenue is huoyant, money supply growth has alowed and the halance of payments is strongly in surplus—inflation remains a very serious problem.

The surge in oil prices in 1973-74 pushed inflation to 35 per cent in 1975, since when it has declined progressively to 22 per cent in 1976, 16 per cent ln 1978 and 11.7 per cent last year. By March this year, the composite (rural as well as urban) coosumer price index was showing a year-on-year rate of only 5.6 per cent, though the urban index was running at more than 12 per cent.

Food prices have risen very sharply in recent months and over the year the inflation rate is likely to remain in double figures and to he pointing upwards again in 1981. The most ohvious explanation is supply shortages—food, accommodation, household goods—though there are signs that the wage restraint policy of the previous Government, which helped to keep cost pressures in check, is hecoming increasingly ineffective following the lifting of the wage freeze in April and its replacement hy guidelines designed to link pay increases to productivity improvements — itself an impossihility given the paucity of statistical data.

Businessmen are openly sceptical of the official inflation figures which, they helieve, grossly understate the real rate of price increases. At the same time, the impossibility of accurately measuring inflation in an ecooomy that is so compartmentalised should not he overlooked.

It simply is not possihle to measure a single rate of inflation that reflects conditions in the urhan and rural economies and that takes account of very different forces at work at low and middle income levels.

In addition, hecause official price gathering is based on factory-gate prices rather than the amount actually being charged hy the traders, the official rate almost certainly understates the real rate by a significant margin.

A national minimum wage of N100 was announced ln April this year, hut many workers, especially in agriculture and those employed hy the state governments are getting less. The unions, for their part, are pushing for an N300 per month minimum, which makes no sense at all given the unemployment problem and the fact that per capita income is, at the most, N550 per annum.

The Central Bank Governo, Mr. Olv Vincent, has spoken out strongly against wage minima, warning not only of the inflationary implications but also the ramifications for employment in general and agricultural employment in particular, not to mention rural-urban drift.

Given the trade-off hetween higher wages and increased employment, relative wage stability ls esseotial. But this is hoth politically and economically a difficult task when inflation is averaging 20 per ceot a year as it has in urban areas since 1975.

That said, anti-inflation programmes will be maintained in the 1980s, though the evidence suggests that the most effective single way of hringing down the inflation rate would be by increasing food supplies.

For the forseeahle future, the Nigerian ecooomy will remain at the mercy of supply and demand forces in the world oil markets. According to the World Bank, oil exporters can expect buoyant conditions throughout the 1980s but "they must invest their oil revenues productively in the early part of the decade and ensure that efficient production is encouraged in non-oil as well as oil sectors of the economy" the 1980 World Development report says.

It is widely accepted that investment in physical development is not going to pay off if the human factor is neglected. Secondly, and this is probably the most crucial constraint on the economy today, management skills and expertise must he developed on a far greater scale than in the past, even if this means reliance on expatriates in conflict with the indigenisation decrees.

What is at stake in Nigeria in the next decade is not whether strong growth will he achieved —it certainly will—but the pattern of that growth. Will growth become developmental in the full meaning of the word, extending down to the poorest sections of the community in remote rural areas and diversifying the productive and export base against the time when oil revenues start 1 aag? Alternatively, will policy reinforce the natural market forces making for an urban-biased mono-economy?

The policies espoused by the Government look to be the right nnes, but this was also the case, albeit less ohviously, five years ago. In the 1980s, it is nnt a matter only of getting the policy right, but of implementing it efficiently and effectively and it is in this context that management's role is crucial.

Alcohol for sale in a Lagos street

Champagne takes a perilous trail through the other economy

BLACK MARKET

THE WOMAN who kept the market stall gave a conspiratorial nod. "Wait," she said curtly and vanished into a nearby hnuse. Minutes later she re-emerged clutching a hrown paper hag with something inside. "Champagne," she hissed furtively and lowered one corner of the bag tn reveal a bottle of cheap, sweet, sparkling wine.

It was just bad luck not to find real Champagne because the teeming markets of Lagos nr the myriad road-side stalls which specialise in alcohol can usually provide it — priced Naira 28 a bottle. The stranger to Nigeria might think there is little remarkable about that — apart from the cost—but Champagne has heen a hanned import in Nigeria since 1977.

Along with other hanned goods, the Champagne now takes the sometimes perilous black market trail along the road from the neighbouring republic of Benin or hy hoat from anywhere along the coast. The amount of goods travelling into the country is unquantifiable hut vast. The damage it does to the Nigerian economy is clear.

Much of Nigeria's groundnnt crop disappears across the border into Niger in exchange for CFA francs or goods. The cocoa vanishes into Benin which, although not a producer of cocoa, is an exporter. In return, come lace, shoes, and alcohol from abroad.

The lace market has undermined the domestic textile industry, according to the manufacturers. The same is true of the shoe industry, which admits it cannot compete for quality with the imports from Italy and Spain but adds that Nigeria's high domestic production costs make imports far more competitive.

Cigarette companies estimate that about 400m cigarettes a month are smuggled into the country, accounting for about a third of the total monthly coosumption. They are particularly hitter hecaose they say that their international brands, which contain 88 per cent imported tohacco, are hetter than the illegal imports — most of which come from Britain — hecause they are fresher.

Corruption

Evidently, the black market depends on corruption for its survival. The tobacco manufacturers say Nigeria provides that corruption on a grand scale. One said: "If you're smuggling 400m cigarettes a month you can't do it in dribs and drahs across the border. You would have to do it in containers through the Apapa docks. For that you need the help of customs nfficers."

If at one end the hlack market relies on large scale imports, on the distributive side it depends on the thousands of small scale street traders who line the streets of Lagos like flags on Coronation Day. They occupy every available inch of pavement, build tin shops at every construction site nr stand on streets waiting for traffic jams so they can sell through car windows.

"In Nigeria if we have one item we consume it. If we have two, we trade," said a Nigerian with a wry smile. If you have several hundred items, you set out for one of the giant markets throughout Nigeria, each nne resembling Ali Baba's cave.

In Lagos there is Jankara where its wealth nf electrical goods, odds and ends, and meat so fresh it ia still warm, cover any illegal imports with a thousand other objects. Or there is Balogun, a mass of winding streets where princely piles of baked beans, sardines and milk are zealously guarded hy the regal "Market Mammies"—the roly-poly trading ladies famous throughnut West Africa.

DC 10 for sale

Outside Lagos is the grandly named New Alaba International Market — hetter known as Thieves Market — with its millions of naira worth of stereo equipment, radios and other electrical goods. Across the road is a ramshackle junk market where, rumour has it, there was once a DC10 engine fnr sale.

A remarkable feature of the hlack market is its excellent word-of-mouth intelligence. Throughout Lagos the roadside stall price for a bottle of smuggled gin is Naira 7—half the supermarket price Only on the beach where the sellers walk their beat with the hottles nn their heads does it come any cheaper.

To service the hlack market in goods, the foreign exchange market nperates at a pace which might impress the most hard-hitten foreign exchange dealer. Any West African currency is availahle from the "banks" in the northern markets at a level which is fixed daily.

In the soutn, the dealers congregate outside the Bristol Hntel in Lagos hustling foreigners and offering the going rate—now around Naira 2 to the pound sterling instead of the official rate of Naira 1.2 to the pound Although illegal, the trade carries on quite openly.

But the Lagos market doesn't end there. Even the supermarkets are getting in on the act. Cheese, which has not been seen in Lagos shops for some months, is available under the counter at the CFAO (Compagnie Francaise de l'Afrique de l'Ouest). With a pssst from a salesman, the lucky customer can buy himself a whole Camembert for a give-away Naira 5.

M.W.

A crucial role in the economy

A shadow is beginning to lift from the Nigerian oil industry after enveloping it for almost a year in an ugly atmosphere of a political witch hunt. The shadow was that cast by the so-called "Oilgate" scandal—the allegation that N2.8bn had gone missing from the accounts of the State oil company, the Nigerian National Petroleum Corporation (NNPC). It began to lift in August when a judicial tribunal set up to investigate the claim pronounced it to be "a storm in the teacup and the greatest hoax of all time."

OIL

THE GOVERNMENT hopes that the issue is now dead, but even if this proves the case the "scandal that never was" will still have left some nasty scars on the oil industry.

It has delivered a crushing blow to the morale of the NNPC, whose chairman and managing director were suspended during the investigation and which was heavily criticised in the tribunal's report. The NNPC, never the most dynamic of organisations, became even more indecisive during Oilgate.

The inquiry has also hit the three largest international oil companies operating in Nigeria—Shell, Gulf and Mobil—even though they had done nothing wrong.

In a highly unusual and controversial ruling, the Oilgate tribunal said that the three must surrender millions of barrels of their own oil to the State over the next few years. *Coming just a year after the* nationalisation of British Petroleum by the former military Government, the ruling will have sent shivers down corporate spines.

But although the international companies have been caught in the Oilgate crossfire, the tribunal's recommendation does not herald a Nigerian drive against the multinationals. On the contrary, the Government of President Shagari is keen to attract foreign investment and appears to have been at pains to minimise the damage caused by the tribunal's embarrassing decision.

Whatever else it may have done, the inquiry has pointed up afresh the crucial role the oil industry plays in sustaining the Nigerian economy. State oil earnings this year are likely to be in excess of $25bn, providing some 85 per cent of federal revenues and 30 per cent of GDP.

Oil was first discovered in commercial quantities in 1956 by Shell-BP in what is now Rivers state and Nigeria's first commercial shipment of crude was made in February 1958—with a production level running at about 5,000 barrels a day.

The pivotal role oil has come to play in the country's economic development was amply *demonstrated in 1978* when the Government's poor crude pricing policy led to a slump in production, a drastic decline in federal revenue and foreign exchange, and an economy in recession.

This traumatic chain of events was set in motion in 1977 when the Government allowed Nigerian oil to get out on a pricing limb, making it uncompetitive with similar light crudes from Libya and Algeria. The mistake was compounded by the fact that the international market was weakening as more light crudes became available from the North Sea, Alaska and Mexico.

The upshot was that Nigeria's third party customers melted away and production slumped to 1.52m b/d in March 1978, down 32 per cent on a year earlier. Price reductions eventually made output bounce back up, and by January of last year it had reached a record level of 2.44m b/d as the Government, anxious to maximise its revenues, encouraged companies to produce at the limit.

Cutback

In July last year the Government ordered production to be cut back to 2.2m b/d for "technical reasons"—partly because a higher level of output might have damaged reservoirs—and it remained at that level for a year.

However, the value of the oil has soared. The energy supply scare of 1979, following the Iranian revolution, saw a 113 per cent rise in the price of Nigeria's Bonny Light crude and there was a further 23 per cent increase in the first half of this year. As of July 1, the official selling price of the country's leading crudes was $37 a barrel.

Now, however, the pendulum is swinging back the other way as worldwide recession cuts the demand for oil and a supply glut has emerged.

In August, Nigeria began to trim its production. If the glut continues the Government will be faced with a decision on whether to cut production still further, or prices, or both. Whatever is decided, the country seems unlikely to repeat its pricing mistake of 1978.

The Shagari Government, like its military predecessor, has shown itself to be a price follower rather than a price setter among the OPEC nations, generally copying the lead set by hawkish Algeria and Libya.

It has also been reasonably cautious in its marketing policy. Nigeria's largest single market remains the U.S., which took 40 per cent of its output last year. Europe accounted for 43 per cent, with 5 per cent going to West African states and 12.5 per cent elsewhere.

However, during the past year, Nigeria has increased its Government-to-Government oil deals (as have other OPEC members) and these may now account for some 200,000 b/d of output. The Shagari administration remains keen to diversify its customers, a policy which has led to a cut in the amount of oil the companies operating in Nigeria can buy back from the NNPC.

Although cautious in their marketing and pricing policies, successive Nigerian Governments have moved boldly during the past decade to "indigenise" the structure of the oil sector—part of an across the board move to ensure that Nigerian industry is in Nigerian hands.

The first steps were the Government's acquisition of 35 per cent of the equity of oil producing companies in 1973 and a further 20 per cent the following year. On July 1, 1979, the NNPC's stake in the foreign companies was increased by 5 per cent, making 60 per cent in all.

Indigenisation was supposed to stop there, but in the case of Shell-BP, the largest producing company, there was a further shock to come: on August 1 last year the military Government nationalised BP's 20 per cent stake in the NNPC's Shell-BP joint venture.

The move followed two brushes between the company and the Government over links with South Africa. The first was when a tanker called the Kulu, indirectly owned by South Africans through a Bahamas-based company, called into Nigeria to take on oil for BP.

The strongly anti-apartheid Lagos Government, which had embargoed sales of its oil to South Africa, was furious and cancelled BP's entitlement to 100,000 b/d of crude purchases from the NNPC.

The second incident was when the British Government approved a BP request for the company to sell more North Sea oil to Europe, in turn releasing crude from non-embargoed sources for sale to South Africa.

Announcing the nationalisation of BP, the Nigerian Government claimed that this swap deal was "mere subterfuge" for selling Nigerian oil to South Africa. However, the timing of the Nigerian move suggests that political considerations were equally important as any perceived BP sins: nationalisation was announced on the eve of the Lusaka Commonwealth Conference, when Nigeria was trying to exert pressure on Britain over its Rhodesia policy.

The move against BP was a major shock to the oil industry. But no sooner had it recovered from this than along came the Oilgate tribunal, with its controversial recommendations on Shell, Gulf and Mobil's interests.

To understand how the tribunal came to its conclusion it is necessary to look at the relationship between the NNPC and the main foreign oil companies operating in Nigeria.

The NNPC is a joint venture partner with each of these companies, and this entitles it to a proportion of their production equivalent to its equity stake—currently 80 per cent in the case of Shell and 60 per cent for Gulf and Mobil.

During the 1978 oil glut and similar periods stretching back to 1975, the NNPC was unable to sell all its planned entitlement at the price it was asking. The shortfall, so-called "deemed oil," remained in the ground.

The Government, anxious to keep its revenue as high as possible, encouraged the international companies to continue taking their planned entitlement, thereby significantly departing from the equity proportions.

Drilling for oil off Port Harcourt: State oil earnings are likely to be in excess of $25bn this year, providing around 85 per cent of federal reserves and 30 per cent of GDP

The Oilgate tribunal's surprise ruling was that the three majors should surrender to the NNPC the shortfall which the corporation had been unable to produce in those years, estimated at 183m barrels of "deemed oil."

Within the oil industry, the verdict was widely regarded as a mistaken interpretation of joint venture agreements, resulting from the fact that no members of the tribunal had first-hand knowledge of the workings of the sector.

The ruling certainly seemed to embarrass the Government. But faced with a supercharged political atmosphere, President Shagari could not afford to brush the tribunal's verdict aside.

Instead, the Government tried to minimise the damage by watering down the recommendation: calculations of the amount of oil to be surrendered by the three companies to the NNPC will be based on the actual level of production at the time — which works out at about 80m barrels—rather than the planned level of production from which the tribunal derived its 183m barrel figure.

The oil companies remain understandably annoyed about the move. It is retroactive and totally at variance with the participation agreements they had with the NNPC, even though these were unsigned.

(The main reason the agreements had not been signed was that the NNPC had introduced changes in a previously agreed financial framework. If the documents had been signed, the oil companies would probably have been protected from the tribunal's verdict.)

The companies also complain that they were not invited to explain the concept of "deemed oil" when they appeared before the tribunal. And they fear that the ruling will be twisted to suggest erroneously that they have been cheating Nigeria.

If anything, the opposite is the case: continuing high production by the three companies between 1975 and 1978 helped boost Nigeria's foreign exchange reserves at a time when its Treasury was impecunious. It hardly seem just that the companies should be punished now for the NNPC's failure to ask the right price for its oil.

But international oil companies are always likely to find themselves in the political firing line in Nigeria. It is one of the prices they accept for operating in the country.

Nigerians are extremely sensitive about the operations of such a vital sector as oil being largely in foreign hands (even though 95 per cent of the oil companies' employees are Nigerian) and easy political capital can be made out of attacks on multinationals.

Members of the Oilgate tribunal were noticeably harsh in their cross examination of witnesses from the foreign companies. And in its final report the tribunal complained that international company representatives "lorded it" over Government agents at Nigeria's crude export terminals.

The companies are also facing criticism from a fresh quarter—over oil spillages. A major offshore blow-out by Texaco last January polluted stretches of the Rivers state coastline and its angry inhabitants have been up in arms, calling for compensation. Similar demands look like becoming a popular political rallying cry in the oil-producing states.

Incentives

Overall, however, the effect of the Oilgate report on international interests in Nigeria is likely to be small. Shell, Mobil and Gulf will shrug and bear their loss of crude. Companies considering entering Nigeria may think twice, but their final decision is more likely to be affected by the exploration incentives offered by the Government.

The Government introduced a new package of incentives in April 1977, including preproduction tax relief, lower offshore royalties and improved amortisation schedules. At the same time, the profit margin which companies are allowed on their equity crude was increased to 80 cents a barrel. The package produced results. The number of exploration rigs operating in the country gradually increased and now stands at around 20.

But the operators are now arguing that the 80 cents a barrel profit margin is insufficient, having been eaten away by inflation over the past three years. The feeling seems to be shared by some officials at the NNCP, where there has been discussion about raising the margin to more than a dollar. But this decision, like many others, was shelved during Oilgate.

Less successful was the NNPC's offer last year of 72 blocks for exploration—offshore, in the Niger delta and up country, representing almost all the country's untapped acreage. Although there was widespread interest in the licensing round, only 11 blocks were taken up, and by just three companies—Agip, Elf and Nigus, a joint venture between Crown Central

CONTINUED ON NEXT PAGE

End product: Petrol, to power a Nissan or [illegible], is one of the [illegible] commodities in Nigeria. Rising internal demand [illegible] all its new refineries and [illegible]

A rocky road to recovery

COAL

COAL, WHICH once made Nigeria's railways run and its power cables hum, has become the poor relation of the energy scene since the discovery of oil in the 1950s.

A programme has been launched to restore the industry to some of its former glory, but this has been far from trouble-free. Modern equipment put into the country's two deep mines is suffering from teething troubles and, even when these are solved, the State-run Nigerian Coal Corporation could face major difficulties in marketing its rising production.

Coal was discovered in Nigeria in 1909 in what is now Anambra state. Mining began during the following decade, giving birth to the town of Enugu, which is still the centre of the industry and the headquarters of the Coal Corporation.

The industry reached its zenith in the 1950s when production came close to 1m tonnes a year (admittedly minute by world standards). But in the 1960s it was dealt two heavy blows.

The first was a loss of markets when the railways switched to diesel engines and the electricity industry moved to oil-fired thermal plants and hydro-electric generation. The second was the civil war of 1967-70. The coal mines, which lay within the secessionist State of Biafra, closed down and flooded.

Recovery after the war was fairly rapid, with production rising from 24,400 tonnes in 1970-71 to 335,000 by 1977-78. Since then it has [illegible] between 200,000 and [illegible] tonnes a year, with 1978-79 production totalling 204,[illegible] tonnes.

But the coal industry's future only took on a brighter appearance when the federal Government decided on a major renovation and expansion programme as part of its 1975-80 development plan.

Under this scheme, the two deep mines still operating in the Enugu area—Onyeama and Okpara—have been equipped with equipment for four mechanised longwalls. The work, carried out by Kopex, the Polish State mining company at a cost of N20m, was completed last year.

However, the equipment has not been working properly and Kopex has had to send a team back to Nigeria to try to put things right.

The development programme also included the construction of a washery, to remove dirt from the coal. Also undertaken by Kopex, this N13.7m plant was completed last year. It is capable of handling 250 tonnes an hour.

Engine graveyard: the coal industry was dealt a heavy blow when Nigeria's railways switched to diesel power

Nigeria's third working mine is an opencast pit at Okaba, in Benue state, which began production about 10 years ago. The Coal Corporation wants to build a carbonisation plant near this mine, producing smokeless fuel, tar and chemical by-products, but so far the Government has not given the necessary financial support.

The Corporation would like to produce 500,000 tonnes a year from Okaba by 1985, together with nearly 2m tonnes from the Enugu deep mines. But this target, ambitious at the best of times, looks increasingly unrealistic in view of the mechanical problems and a weak market

When the modernisation programme began in 1975, the Government foresaw Nigerian coal serving four main new markets, none of which has yet materialised or looks likely to in the immediate future.

The first was for the Corporation to supply coal to the major iron and steel works planned at Ajaokuta. However, Nigeria's sub-bituminous coal is more suited to steam raising than the production of coke used in steel-making and it will have to be blended with imported coal when Ajaokuta finally comes on stream.

The second market was to have been Nigeria's cement industry, but at present only one plant—Nigercem's Nkalagu factory—is using coal.

The third potential market—and still the Corporation's major hope—is the electricity industry. The Nigerian Electrical Power Authority (NEPA) is considering a partial return to coal-firing —possibly building a new station or expanding the existing coal-fired station at Oji, in Anambra state. The Coal Corporation hopes that NEPA might eventually take 1m tonnes a year—but the new plant has yet to be approved and built.

The fourth potential market—exports—also involves difficulties. Nigeria's coal exports at the moment are virtually non-existent, partly because ore-handling facilities at Port Harcourt are inadequate. The Coal Corporation is hoping that the construction of a new harbour at Onne, near Port Harcourt, will boost its export potential. But Nigeria will still have to find a market for its output at the right price.

All this means that the future of the industry, which employs 3,200 people, is none too bright in the short-term and potentially problematic for some considerable time to come.

Nor does the Corporation's financial performance provide much comfort. It has been a persistent loss-maker in recent years. Part of the problem has been Nigeria's notorious electricity blackouts. Geological and water-leakage problems have added to the difficulties.

With proven reserves of over 200m tonnes and much of the country still to be explored, the Nigerian coal industry has potential, but it is a considerable way from realising it

M.D.

Demand for power outstrips supply

ELECTRICITY

(CONTINUED)

gineering group, has won a £48m contract to instal a further six units with a total generating capacity of 450 MW. The work is scheduled to be completed by the end of 1982.

Two major hydro-electric projects are also under way: Jebba, which will add 540 MW to capacity, and the Shiroro dam, which will add a further 600 MW to the system. The first three 150 MW sets at Shiroro, 60 kms north of Minna, on the Kaduna river, are due to be commissioned in 1983. Capital costs are expected to be more than N200m.

Studies have also been undertaken for possible hydro-electric stations at Lokoja, Ikom and Makurdi, while plans are well advanced for the construction of an 800 MW thermal station at Lagos, using gas piped across country from the oil producing areas. Major expansions and improvements in the grid system are also under way.

Despite these developments, NEPA remains unpopular, particularly following controversial price rises in August last year, which have been criticised by both domestic and commercial consumers.

The civilian Government has insisted that the authority review these increases and its revenue collecting system with "a view to reducing your bills and making life easier." A committee set up to investigate the matter is expected to report before the end of the year.

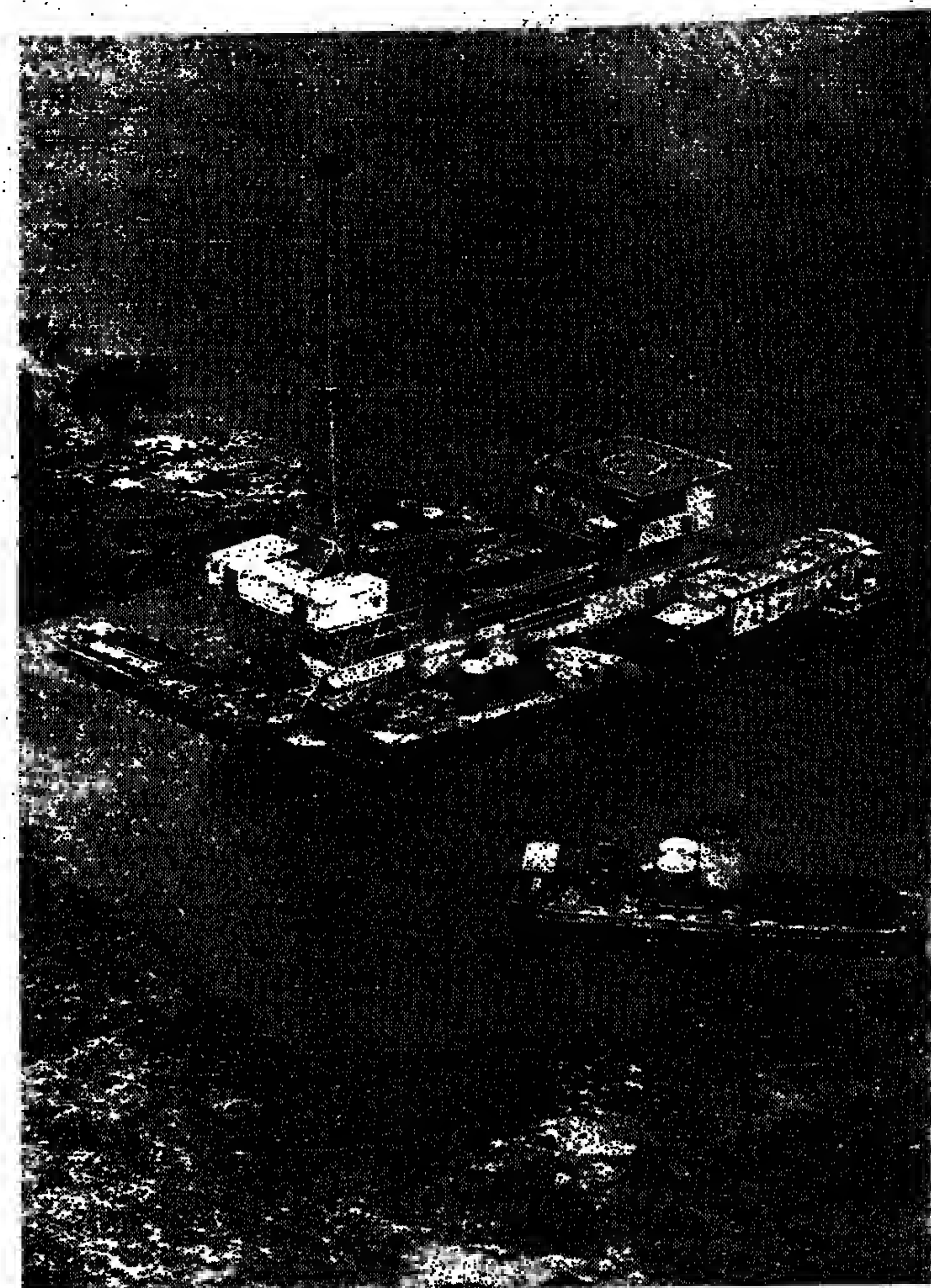
Alhaji Mohammed Hassan, the Government's first Minister of Mines and Power, also began looking at ways of improving the NEPA bureaucracy. He rejected as impractical calls by some states for NEPA to be simply broken up, and its powers devolved to them.

Instead, he concentrated on decentralising decision-making so as to "reduce the problem of referring everything to Lagos." An important step in this direction was the holding of a tripartite meeting last March between NEPA, the Federal Government and state representatives.

M.D.

New plant will supply the North

REFINING



From rig, pictures near the southern oil centre of Port Harcourt, to crude oil refinery: the National Petroleum Corporation has had to build a 740km pipeline to transport crude from the south to the new 100,000 b/d refinery at Kaduna, in the north

PRESIDENT Shehu Shagari is about to commission the latest addition to Nigeria's oil refining capacity—a 100,000 b/d plant at Kaduna, in the north of the country.

The refinery is part of a drive to give the country a broad - based downstream hydrocarbons sector. There are also plans for several petrochemicals complexes and a fertiliser plant.

The Kaduna refinery is Nigeria's third and has been completed on schedule by Chiyoda Chemical Engineering and Construction of Japan. It will consist of two units, each of 50,000 b/d capacity, with a catalytic cracker.

One of the units will process Nigeria's light crudes. The other will use heavier, imported oil from Venezuela and Kuwait so as to produce a full range of products.

Annual output is likely to include 1.3m tonnes of petrol, 700,000 tonnes of kerosene, 1m tonnes of gas oil and nearly 600,000 tonnes of fuel oil. Other products will include lube oil, waxes and asphalt.

The Government claims that the refinery was sited at Kaduna, far from the Nigerian oilfields, because it is easier and cheaper to supply the northern market with products from a local plant than to transport them from the south. But political considerations are believed to have played a major role in the choice of location.

To get the crude to the refinery, the Nigerian National Petroleum Corporation has had to build a 740 km pipeline from the coast. Excluding the pipeline, the project has cost N500m.

The first Nigerian refinery to come on stream was a 60,000 b/d unit near Port Harcourt which began operating in 1965. The second plant, built by Snamprogetti of Italy, is at Warri and came into production two years ago. It has a 100,000 b/d crude distillation unit.

The Petroleum Corporation is believed to be near a decision to go ahead with a fourth refinery with a capacity of 100,000 b/d capacity. It will probably be sited at Port Harcourt.

The Corporation recently completed laying a network of 2,800 km of pipeline to carry products to major urban centres. It has also been building 20 new fuel storage depots across the country.

The first phase of the country's expansion into petrochemicals will be plants linked to the Warri and Kaduna refineries, making polypropylene, carbon black, detergents, benzene and solvents.

There are proposals for a second stage ethylene complex near Port Harcourt, while a third phase will focus on aromatics and be aimed at producing plastics, fibres, resins, explosives and polyurethane foam.

Natural gas will supply the feedstock for a nitrogenous fertiliser complex which is planned for the new port of Onne, near Port Harcourt.

The Petroleum Corporation is at an advanced stage of negotiations for the construction of this plant with a consortium led by Pullman Kellogg of the U.S.

Questions have been raised in the Nigerian senate about the previous military administration's choice of Pullman Kellogg for negotiations. But despite this hiccup it is widely expected that the consortium will win the contract.

An agreement could be reached by the end of the year and the plant might come on stream by mid-1983. The total cost is put at $500m.

The plant will have three units: one producing up to 1,000 tonnes of ammonia a day; one with a capacity of 1,500 tonnes of urea a day; and one with a daily output of 1,000 tonnes of NPK.

Nigeria currently imports 500,000 tonnes of fertiliser a year so the project will mean a substantial saving on foreign exchange.

M.D.

Demand outstrips power supply

ELECTRICITY

THE INITIALS NEPA stand for the National Electric Power Authority. But in recent years, disillusioned Nigerians could have been forgiven for joking that they really meant "No Electric Power Again."

NEPA's failure to deliver an assured supply of electricity to homes and industries, particularly in the chronic blackout days of 1977 and 1978, have made it one of Nigeria's least loved nationalised industries—an organisation alternatively laughed at or cursed.

Dissatisfaction with its *performance* was shown particularly clearly in the run-up to last year's elections, when politicians of every hue made a shake-up of NEPA one of their main campaign promises.

Why does it have such a bad image? The main reason is its failure to deliver the goods. The rapid expansion of Nigeria's demand for power after the 1973/74 oil booms outstripped NEPA's capacity to supply it, resulting in blackouts.

An act of nature then intervened to make a bad situation chronic: in 1977/78 drought meant that the water level in the vital Kainji dam did not reach its normal level and NEPA's ability to generate hydro-electric power fell accordingly. Blackouts of 18 hours a day or more became commonplace and industrialists and wealthy individuals scrambled to buy private generating sets.

In resulting outcry, NEPA came to symbolise all that is wrong with Nigeria's State-run industries and Civil Service: qualified manpower spread too thinly at the top, with underneath that a vast, timorous and inefficient bureaucracy.

In fairness to the organisation, power supplies have improved during the past two years as new plant has been brought on stream, but there remains a danger that demand will substantially outstrip NEPA's generating capacity during the next few years.

Nigeria's demand for electricity is estimated to be growing at some 15 to 20 per cent a year. Simultaneous maximum demand on the national grid has grown from some 450 MW in March 1975 to 970 MW in March 1979. The record demand met to date was 1181 MW last February.

In supplying this output, two generating stations are pre-eminent: the Kainji hydro-electric plant, which now has 720 MW of installed capacity, and the large gas-fired steam turbine station at Sapele, in Bendel state.

The first 120-MW unit at Sapele came on stream in 1978, ameliorating the effects of the Kainji problems, and a further five units have been commissioned since then, giving an installed capacity of 720 MW. An additional four gas turbine units are scheduled to be installed by May 1981, bringing capacity up to 1020 MW.

NEPA has three further gas turbine stations in the vicinity of the Nigerian oil fields—Ijora, Delta and Afam, all of which have undergone expansion programmes in recent years.

The Government recently announced plans for a further expansion of the 260 MW Afam station. Brown Boveri and CIE, the West German subsidiary of the Swiss en-

CONTINUED ON NEXT PAGE

End product: Petrol, at under a Naira a gallon, is one of the ... Rising internal demand will mean new refineries and ...

A rocky road to recovery

COAL

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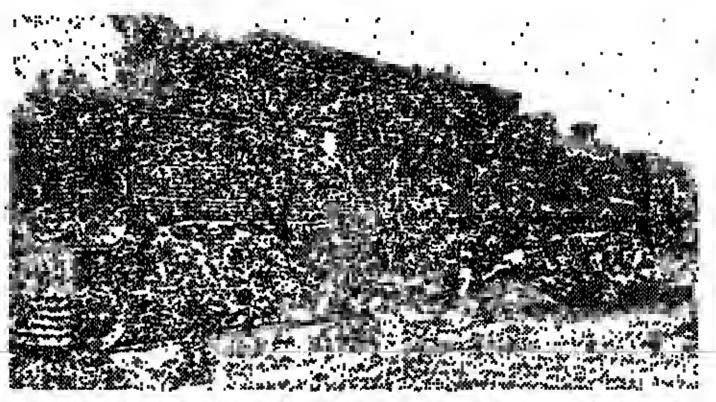

Engine graveyard: The coal industry was dealt a heavy blow when Nigeria's railways switched to diesel power

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The second market was to have been Nigeria's cement industry, but at present only one plant—Nigercem's Nkalagu factory—is using coal.

The third potential market—and still the Corporation's major hope—is the electricity industry. The Nigerian Electrical Power Authority (NEPA) is considering a partial return to coal-firing—possibly building a new station or expanding the existing coal-fired station at Oji, in Anambra state. The Coal Corporation hopes that NEPA might eventually take 1m tonnes a year—but the new plant has yet to be approved and built.

The fourth potential market—exports—also involves difficulties. Nigeria's coal exports at the moment are virtually non-existent, partly because ore-handling facilities at Port Harcourt are inadequate. The Coal Corporation is hoping that the construction of a new harbour at Onne, near Port Harcourt, will boost its export potential. But Nigeria will still have to find a market for its output at the right price.

All this means that the future of the industry, which employs 3,200 people, is none too bright in the short-term and potentially problematic for some considerable time to come.

Nor does the Corporation's financial performance provide much comfort. It has been a persistent loss-maker in recent years. Part of the problem has been Nigeria's notorious electricity blackouts. Geological and water-leakage problems have added to the difficulties.

With proven reserves of over 200m tonnes and much of the country still to be explored, the Nigerian coal industry has potential, but it is a considerable way from realising it.

M.D.

Demand for power outstrips supply

ELECTRICITY

(CONTINUED)

gineering group, has won a £48m contract to instal a further six units with a total generating capacity of 450 MW. The work is scheduled to be completed by the end of 1982.

Two major hydro-electric projects are also under way: Jebba, which will add 540 MW to capacity, and the Shiroro dam, which will add a further 600 MW to the system. The first three 150 MW sets at Shiroro, 60 kms north of Minna, on the Kaduna river, are due to be commissioned in 1983. Capital costs are expected to be more than N200m.

Studies have also been undertaken for possible hydro-electric stations at Lokoja, Ikom and Makurdi, while plans are well advanced for the construction of an 800 MW thermal station at Lagos, using gas piped across country from the oil producing areas. Major expansions and improvements in the grid system are also under way.

Despite these developments, NEPA remains unpopular, particularly following controversial price rises in August last year, which have been criticised by both domestic and commercial consumers.

The civilian Government has insisted that the authority review these increases and its revenue collecting system with "a view to reducing your bills and making life easier." A committee set up to investigate the matter is expected to report before the end of the year.

Alhaji Mohammed Hassan, the Government's first Minister of Mines and Power, also began looking at ways of improving the NEPA bureaucracy. He rejected as impractical calls by some states for NEPA to be simply broken up, and its powers devolved to them.

Instead, he concentrated on decentralising decision-making so as to "reduce the problem of referring everything to Lagos." An important step in this direction was the holding of a tripartite meeting last March between NEPA, the Federal Government and state representatives.

M.D.

Capital market develops muscle

Nigeria's financial institutions have gone through rapid and profound change in the past three years, aimed at redirecting their services primarily to Nigerian needs rather than those of others. The success of the operation can be judged best perhaps by the current capacity of the country's capital markets.

WHILE STILL unable to raise finance for very large projects or to organise public sector financing abroad, the market bas shown in the past year or so that it can raise sums of up to N50m quickly and efficiently.

The market has also absorbed more than N200m in share flotations in tha past two years as part of the indigenisation of 78 industrial and commercial companies. More recently, it has begun to provide debenture and preferred share capital as well.

The transition has, of course, caused problems. The banking system is clearly straining from its increased responsibilities and is likely to remain under pressure for some time. And all financial institutions continue to suffer from Government controls of various kinds.

Some of the controls, which were intended to prevent foreigners from profiteering, seem increasingly to be merely a nuisance in tha way of Nigerian financial executives who seek to managa ann direct capital as effectively as possible.

The worst distortion produced by controls may be the reinforcement of many Nigerians' unfortunate belief, probably learned first from European traders, that sll investments should yield high returns vary quickly.

At current Government-set bank lending rates of around 9 per cent, it is possible to build a block of flats in Lagos on borrowed money, demand five years' rent in advance, repay the loan, and walk away with a handsome profit.

With that kind of operation rampant, it is difficult to convince a Nigerian machinist that he should invest in a shop to supply parts to the Leyland truck factory at Ibadan in anticipation of a more normal 30 per cent return on his equity.

Tha low interest rates also attract safe and easy short-term business to the banks, which they are happy to take rather than get involved in more risky medium-term project finance.

At the end of December, 1979, more than 80 per cent of tha comercial banks' loans matured within 180 days and only 2 per cent exceeded five years, a virtually unchanged profile from a decade earlier.

The Government bas set up financial institutions specifically to provide industrial development finance but so far tbey seem to have been approached mainly to finance quick-return breweries. Last year, for example, the National Industrial Development Bank put 38 per cent of its N44m investment fund into food and beverages.

"There will be a slight re-orientation to intermediate and capital goods," Alhaji Abubakar Abdulkadir, tha newly appointed managing director of NIDB promises. "Our industrial projects have not been properly linked in the past and so we bave not had a proper economic take-off."

Alhaji Abdulkadir is confident that Nigerians are conscious of the need to break away from dependence on oil and industrialise. He believes more and more peopla will be willing to invest in industrial projects but this remains to be seen.

Other Government-sponsored financial institutions have also been directed to be more conscions of the country's needs. The National Provident Fund, for example, with savings from pension contributions of N305m at the end of last year, is obliged to invest all its funds in Government stocks, equities and debentures quoted on the Nigerian Stock Exchange.

Under the 1976 Insurance Decree, insurance companies must invest all surplus funds within the country, and may put up to 15 per cent in quoted equities.

I.R.

FOREIGN PRIVATE INVESTMENT IN FIXED ASSETS IN NIGERIA (Book Values)

YEAR	1966	1970	1974	1977
TOTAL (N Million)	651	730	1,687	1,990
Ownership				
UK % Share	52.3	32.1	39.8	50.1
U.S.	17.3	39.6	30.0	29.5
Western Europe	22.7	18.8	20.3	9.3
Others	7.7	9.5	9.9	11.1

FOREIGN INVESTMENT BY INDUSTRY

YEAR	% Distribution 1966	1977
Oil	49.9	35.1
Manufacturing	17.5	24.8
Agriculture	1.1	1.0
Trading	24.8	29.3
Others	6.7	9.8

Rapid switch to local control

IN HIS statement in the 1979-80 annual report of First Bank, formerly Standard Bank of Nigeria, the chairman begins by thanking the eight of 15 directors who resigned during tne year and welcoming eight new directors, including himself.

No explanation is offered for what in most organisations would be considered an extraordinary event and which, in fact, reflects one of the most traumatic upheavals to hit the Nigerian banking industry since the imposition of exchange controls in the early 1960s.

Last September, the outgoing military Government suddenly decided it was time to insist that Nigerians take over management control of the country's 20 chartered banks.

The indigenisation of banks had begun in 1973 when the Government had bought 40 per cent interests in the big three banks, Standard Chartered, Barclays and United Bank for Africa (Banque Nationale de Paris).

A further step was taken in 1976 when the Government raised its stake to 60 per cent in all foreign-associated banks, but management and board control was still left with the foreigners.

The transition to Nigerian operating control was the next logical step, but the speed with which the Government moved caught most banks by surprise. Observers have speculated that the military were worried that the new civilian administration might lack the confidence to push ahead with the programme and so took the plunge themselves.

In the event, the new Government has carried through the operation vigorously. Within less than six months from the order, dozens of expatriate executive directors were removed and new Nigerian executives installed. At First Bank, for example, there were three expatriate executive directors last year and one Nigerian. Today there are four Nigerians and one expatriate.

What also shocked the banking community was that the Government moved its nominee executives from one bank to another without any concern for continuity or confidentiality within a particular bank.

Thus, for example, Mr. F. O. Nwakoby, the chairman of First Bank, was until this year the chairman of Union Bank, formerly Barclays Bank of Nigeria. Mr. Michael Buba, one of the directors who left First Bank, has since turned up as chairman of United Bank for Africa, in which Banque Nationale de Paris has a 25 per cent interest.

Chase Merchant Bank, anticipating the winds of change, had gone to the trouble of finding a Nigerian banker in London and training him to take over as managing director. When the time came, the Government agreed that the man in question was qualified but he could not work for Chase because of possible conflicts of loyalty. The man was quickly snatched by another merchant bank.

The Government's objective in imposing these changes at the banks was fairly clear. "They wanted to give the people a sense of belonging," Mr. Andrew Obeya, director of operations at First Bank, said. "We are showing that banking is not just for a special class."

Mr. Obeya emphasised that all of the Government appointees are knowledgeable in banking. Expatriate bankers tend to agree. Nevertheless, the speed and magnitude has shaken them, especially at a time when the banks have been straining under other problems associated with rapid growth, such as finding qualified staff, maintaining adequate controls and meeting a lengthening list of government-imposed obligations.

The banks' growth has been little short of phenomenal in the past few years. Total assets of the commercial banks rose almost tenfold in the ten years to December 31, 1979 to N11.2bn.

Among the big three, First Bank's assets grew from N819m at March 31, 1976 to N2.1bn at March 31, 1980. Union's assets grew from N674m at September 30, 1976 to N1.4bn at September 30, 1979, and this despite the Government's boycotting of Union for much of last year. UBA's assets have risen from N795m at March 31, 1976 to N1.7bn at March 31, 1980.

This growth is all the more remarkable in a period that has seen the entry of several new banks, including six merchant banks. Despite their labels, the merchant banks are really small-scale commercial banks that enjoy the luxury of picking off only the best corporate customers.

Take, for example, the case of Icon, one of the most active merchant banks, owned partly by two of the country's largest institutions, the Nigerian Industrial Development Bank and the National Insurance Corporation of Nigeria.

Hasty promotion

In a prospectus published for a recent N2m preferred share issue, Icon revealed that almost half its N10.4m gross revenue came from interest income with another N3.2m in income from letters of credit and other banking services.

Staffing problems in such a fast-growing market are obviously acute. Businessmen often grumble that service in the banks has deteriorated rapidly in the past few years and attribute it to the hasty promotion of under-qualified Nigerian managers.

Bankers freely acknowledge the deterioration in service but attribute it more to the rapid creation of hundreds of new rural branches, as required by the Government, and to inadequate compensation for employees and an increasingly complex workload.

Just in the past few months, for example, the Government has ordered the banks to administer a car loan scheme for all public and para-public employees and to insist on production of a tax clearance certificate before selling anyone travellers cheques.

"All that means is that we are going to stop selling travellers cheques to anyone we don't know," one banker said.

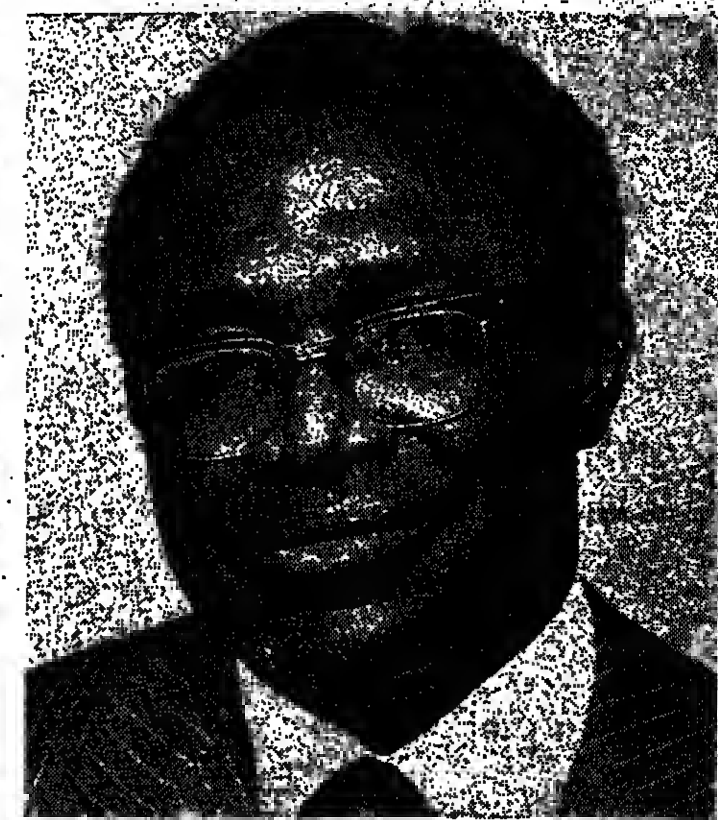
Like other workers, bank staff have suffered in the past three years from wage controls, but some bankers have still been surprised by the approximately 35 per cent package recently negotiated by unions representing junior staff.

Some bankers complain about the increasingly specific Government guidelines on their lending. Within an overall lending growth ceiling of 30 per cent (40 per cent for merchant banks), the banks must direct certain percentages to agriculture, housing and preferred industries, notably agriculture, mining, manufacturing construction, services and exports. Financing of less preferred activities, such as importing, is restricted.

Lending and borrowing rates are also specified by the Government to a large extent, and at levels well below those prevailing abroad. Minimum lending rate this year is 7.5 per cent and other rates range up to 11.5 per cent. Deposit rates vary from a 5 per cent minimum on sbort-term deposits to 6.5 per cent on longer fixed term deposits.

Still, the spreads are such that tbe banks seem to do very well. Return on equity of the big three banks has been over 30 per cent in most of the past five years, although it has dropped during the recession of the past two years.

And the banks have learned that although the rural branch opening programme is onerous, occasionally a mother lode is



Mr. Andrew Obeya, acting managing director of the First Bank of Nigeria: "We are showing that banking is not just for a special class"

CONTINUED ON NEXT PAGE

FINANCE

Mr. Hayford Alile, director-general of the Nigerian Stock Exchange, with the Exchange building in Lagos nearing completion. Stock Exchange officials are eager to see more turnover in the market. For the future, Mr. Alile says he would like to see "as much speculative activity as possible"

Exchange waits for controls to be relaxed

STOCKS

"NOW THAT the mass of flotations caused by the indigenisation decree is over, the Nigerian Stock Exchange is facing the much harder tasks of promoting wider public participation in share trading and encouraging local companies to go public."

Both goals are made difficult to achieve by the Exchange's increasingly unpopular practice, undoubtedly Government-directed, of maintaining the prices of its 155 listed stocks at artificially low levels.

The new elected Government shows signs of being more receptive to pleas for an open market than the military. But until controls are relaxed tha Exchange is going to remain a quiet place.

Meanwbile, of course, it is performing its basic function of providing a ready, indeed eager, secondary market for anyone who wants or needs to sell bis shares. And the absence of volatile price movements should help build and sustain public confidence in wbat is still a relatively new form of investing for Nigerians

The Exchange opened for business in June 1961 with only 19 securities on its board, among them the major trading company, John Holt Investment and a few subsiciaries of British companies sucb as Dunlop and BAT Industries. By 1974, the roster had less than doubled but the Nigerian Enterprises Promotion Decrees of 1972 and 1977 caused dozens of foreign-controlled companies to place shares publicly. In all, 78 companies witb a combined capitalisation of N210m bave gone public as a way of achieving up to 60 par cent Nigerian ownership.

Of the 155 stocks listed today, 51 are Federal Government development stocks, one is a State bond, 13 are industrial loan stocks and the remaining 90 are equities. In terms of market capitalisation, Government development stocks dominate. They are valued at about N4bn, wbile equities and industrial loan stocks are worth only about N600m. Only three of the quoted companies are native Nigerlan, and each of them bas strong Government participation.

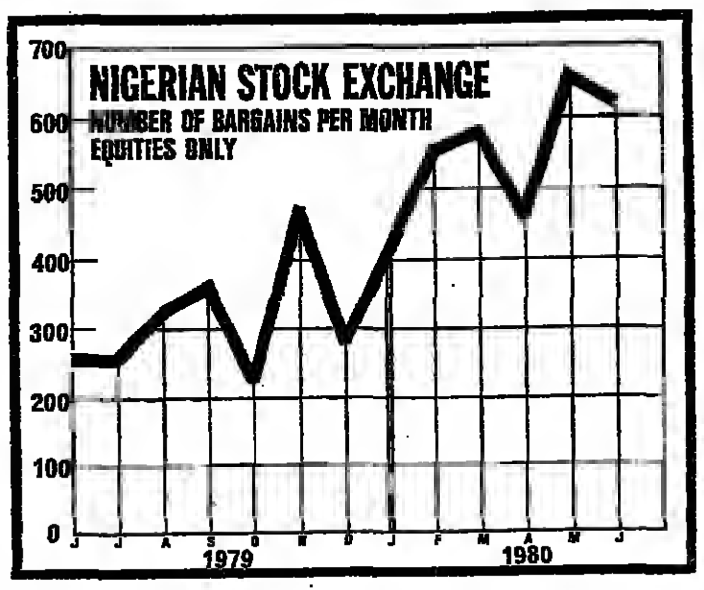
The problem of artificially low sbare prices emerged with the Indigenisation exercise. The Capital Issues Commission, since renamed the Securities and Exchange Commission, has responsibility for establishing a fair price for any issue made to the public. For indigenisation issues, the CIC tended to set prices at a low level, presumably because it did not want the foreign beneficiaries to make a killing.

Once it established that the share price of even tbe most successful companies sbould be set at less than 10 times earnings, the Stock Exchange bad to respect that guideline. To let prices float up would be to admit that the screams of paln from the foreign vendors were justified.

The result is that, for example, the Unilever affiliate, UAC of Nigeria, which is the largest industrial company in the country, trades at about six times last year's extremaly depressed earnings. UAC's return on shareholders' equity is normally about 20 per cent but was halved last year because of the recession.

Dividend yields also tend to be very higb when weighed against returns on otber investments. Banks, for example, pay about 6 per cent on savings. UAC shares, on the other hand, yield close to 9 per cent.

Small wonder that shareholders have tended to hang on to their sbares rather than become active traders on tha stock market. Moreover, sinca about 60 per cent of all shares are estimated to be in the hands of institutions, there is even less likalihood of trading.



The Stock Exchange would like companies to issue more shares, but they are reluctant to do so at the low prices set by the SEC. About the only way in whicb the number of sbares in circulation is increased is througb scrip issues, wbicb are popular as a way of getting around dividend controls. The banks are regular issuers of new equity but only to keep thair capital ratios in line. First Bank, for example, made a rigbts issue early this year at N1.55 a share, compared with an underlying assat value of N2.20 a share.

"I have always considered the Nigerian Stock Exchange a bit of a joke," Mr. W. O. Ighodaro wrote recently in a letter to tbe editor of Nigeria's Business Times.

"The fact is that it is difficult to lose money on the Stock Exchange because all the shares are underpriced," Mr. Ighodaro went on. "If the market were really open and you calculated what it would cost to take over a company like Metal Box, Berec or Afprint, you would find that you would get them for a song compared to their asset value and the funds they generate yearly."

But the unfortunate fact, for Mr. Ighodaro and others who may bave had similar thoughts, is that you cannot get the shares because so few are offered at the official price and it is illegal to trade in shares off the Exchange.

"We bave been trying for months to build up a small jobbing portfolio," one banker said, "but it cannot be done."

The Exchange makes no bones about what it is doing. At the daily "callover" one day in July, the Exchange official who read out the names of the stocks to the assembled brokers, occasionally refused bids as excessive and made allocations, as be later explained, "arbitrarily." Also, bids below the quoted price are not permitted.

"We want to guard against inflationary price increases," said Mr. R. B. Areago, diractor of the Lagos brancb of the Exchange. "We want prices to be as close to reality as possible. The problem is whethar or not they sbould be allowed to rise on very little volume."

As for Government stocks, until 1978, thay were always traded at par. Since then, the central bank circulates a *monthly list, setting* the prices for these stocks. For all that, tbere has been steady growth in the past year in the number of share transactions on the Exchange (see chart).

Stock Exchange officials are very eager to see more turnover in the market. Indeed, Mr. Hayford Alile, director-general, says be would like to see "as much speculative activity as possible."

Mr. Alile suspects the Government does not want to change its policy because it is benefiting from selling its own stocks cheaply. He says it is also difficult to convince local companies to go public because they can borrow money more cheaply at the bank.

I.R.

BANKING

(CONTINUED)

found that produces huge demand deposits.

The restriction of six per cent of total lending to finance imports means that any excess demand can be sent to offshore affiliates. However, the Government is getting more proficient attuning its lending quotas to the value of import licences it issues.

Many banks did not reach their overall lending growth limit last year. Central Bank statistics show that commercial bank loans and advances grew only 12.5 per cent in 1979 to N4.6bn. Business is said to have recovered sharply this year. It is now a question, bankers say, of picking among hundreds of millions of Naira worth of interesting industrial projects.

The opportunities obviously continue to outweigh the problems involved in banking in Nigeria because more foreign banks continue to arrive. France's Societe Generale set up three years ago and Citicorp, having packed its bags and left when the 1976 Indigenisation Decree was published, has returned this year. Another seven foreign banks have established representative offices in the country.

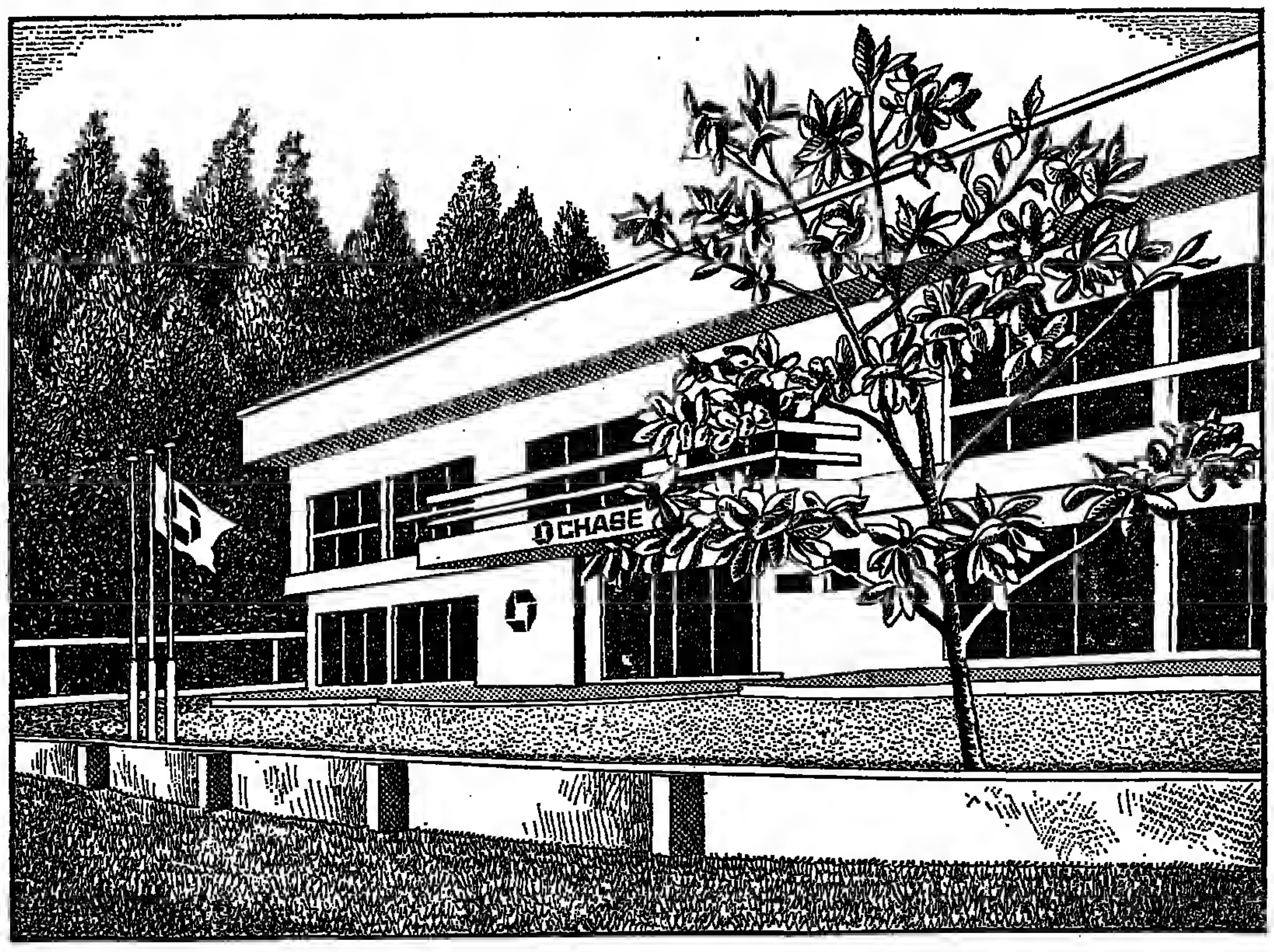
However, the Government is unlikely to relax its expectations of the banking sector in the near future. In a speech to the annual dinner of the Institute of Bankers of Nigeria, the Governor of the Central Bank, Mr. Ola Vincent, warned that banks would continue to be required to meet the specified objectives of the financial system and to contribute significantly to the achievement of the stated national economic goals.

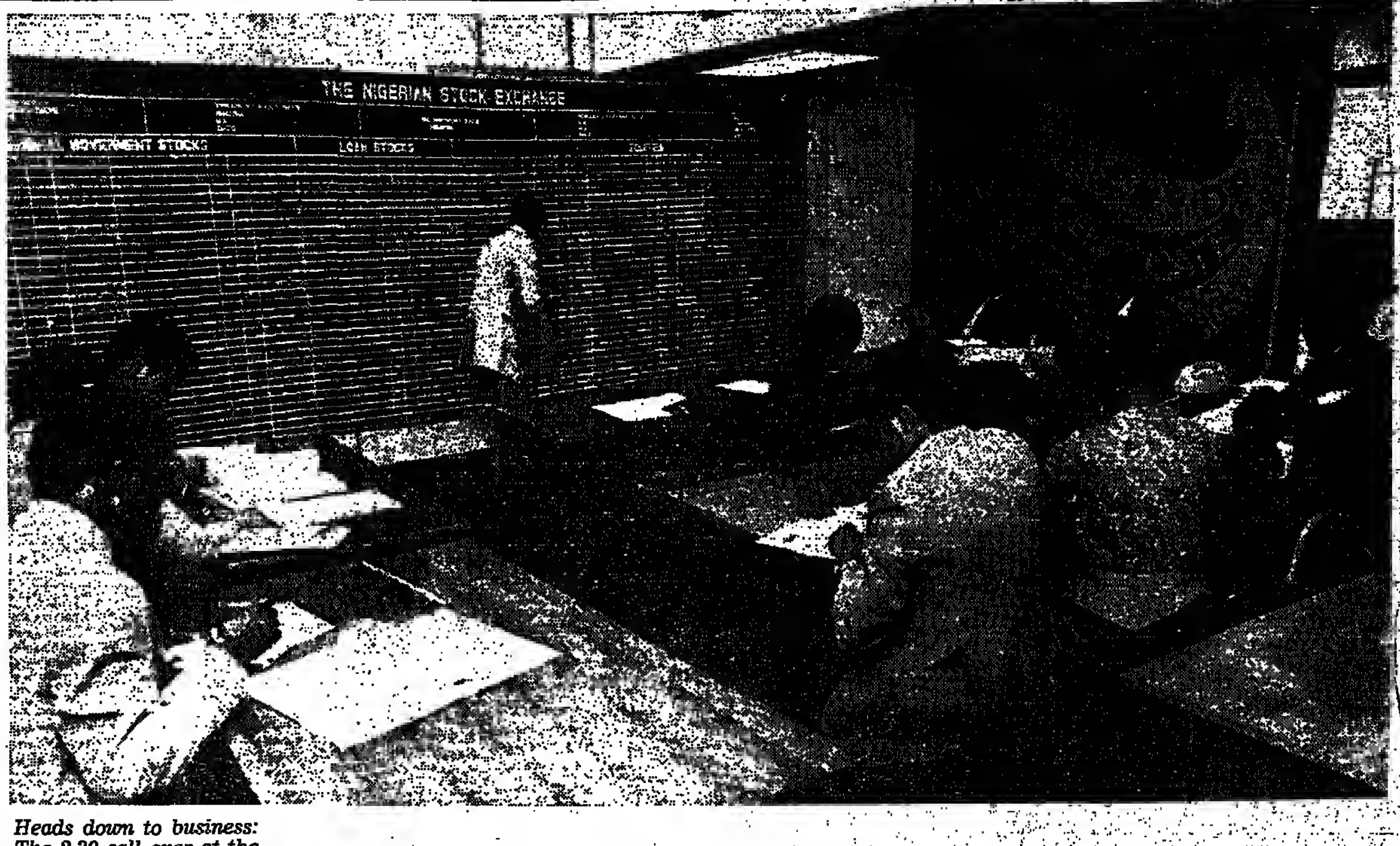
He called on banks to "gear up their services as financial advisors to indigenous entrepreneurs" and to improve the quality of service to the public.

Some observers have wondered if the indigenisation moves of the past few years are leading towards the creation of a single national bank.

In his speech, Mr. Vincent said: "With the growth in the number and branches of banks envisaged for the 1980s, consideration should be given to the establishment of more formal co-operative and supportive arrangements that will promote the strength and integrity of the banking system and *enhance the* confidence of depositors."

I.R.





Heads down to business: The 2.30 call over at the Nigerian Stock Exchange. Until controls are relaxed, the Exchange is going to remain a quiet place

Lucrative business in local hands

INSURANCE

FOLLOWING THE pattern set by the commercial banks, the Nigerian Government is indigenising the foreign-controlled insurance companies not only as to ownership but also with respect to management and operations.

In the past six months, Nigerian executives bave taken over at Royal Exchange Assurance (Nigeria) and at United Nigerian Insurance, an affiliate of Commercial Union. Other majnr companies, including The Sun, a Sun Alliance associate and Law, Union and Rock, a Royal Group associate, bave not been affected so far.

The foreign-controlled insurance companies are still smarting from wbat they consider the arbitrary fire—sale prices the Government set for its initial purchase of up to 49 per cent of their shares in 1976. The subsequent forced sale of a further 11 per cent was achieved nn more agreeable terms, they say.

The indigenisation of operations began in earnest in 1977, when the Government decreed that all imports bad to be insured locally. Until that time, companies had been obliged to give 10 per cent of all business they wrote to the National Insurance Corporation nf Nigeria (NICON) by way of compulsory cession. But starting in 1977, the cession was transferred to Nigerian Reinsuraoce Corporation and *raised* to 20 per cent.

Companies complained that the set commission rate of 5 per cent above brokerage fees did not even cover their costs. Meanwhile, customers were complaining of huge increases in marine premium rates following the isolation of the Nigerian market, although some have since noticed that claims service bas improved considerably.

Last year, companies were directed to place an additional 10 per cent of their overseas treaty business with Nigeria Reinsurance and another 5 per cent with Africa Reinsurance, a company set up in 1977 by four African countries. This year, a *further* 10 per cent must be directed to Nigeria Reinsurance.

The effect of these moves bas been, of course, to remove more and more of the lncrative reinsurance share of premium iocome from the foreign owners of Nigerian companies. From Nigeria'a point of view, this is a natural and desirable thing to do.

"The Government feels that if it does not control the way funds are deployed, they may not necessarily be deployed in the best interests of the country," Yinka Lijadn, managing director of NICON, says.

However, for the foreign companies, these moves raise a couple of difficult questions. *First*, are Nigeria Reinsurance and Africa Reinsurance going to demand even more cessions in the future?

"We have no immediate plans," said Mr. J. O. Irukwu, *managing* director of Nigeria Reinsurance. "Bnt our society is growing and it is possible things could change."

A second question is how much it is still worthwhile for fnreign companies to retain a presence in Nigeria.

"The empbasis has shifted," Mr. Irukwu said. "If I were a foreigner, I would direct my attention to reinsurance rather tban insurance because we recognise that reinsurance is international. I doo't think it would be very easy for a new foreign company to get into insurance. We have 74 companies at the moment and there is certainly not too much income around for them."

But even for foreign companies already established, the prospects are nncertain. The policy changes of the past three years came at a time when business conditions were poor *and many have perfnrmed badly.*

Sharp fall

Marine business dropped substantially as a result of Government restrictions on imports aod many companies have recorded losses in this area. However, at least the run of ship piracies and unexplained disappearances has been reduced by the Government's classification scheme, wbereby ships of dubious ownership or management are no longer allowed to enter Nigerian waters.

The gloss bas also come off industrial business as a result of some major fires. Government business remains small, partly because of the recession and partly because the federal Government and 12 of tbe 19 states have their own insurance companies.

Life insurance is of limited interest because there are no special tax concesssions for life funds. Moreover, Nigerians bave not yet acquired mucb enthusiasm for life insurance.

"Most people canoot afford it," Mr. Lijadu said, "and those who can know that they can invest tbeir money better themselves."

Insurance companies are also concerned about large wage settlements this year, though they admit they have benefited from three years of stiff wage controls.

Against these negative factors must be weigbed the likelihood of a strong surge of economic growth in the next few years, during which even a diminishing slice of the pie could turn nut to be very taaty indeed.

To take only the market potential of life insurance, nut of a population of 80m, probably fewer than 1m bnld life insurance policies.

No statistics are available on the size of the Nigerian insurance market, but gross premium income is believed to be in excess of N300m a year, of which life insurance accounts for about N50m, general accident N46m, motor N90m, fire N34m, and marine N50m. Foreign-associated companies may account for 30 per cent of the market, government companies 50 per cent and domestic private groups the rest.

Under the 1976 insurance decree, life companies must bave a minimum of N500,000 paid-up capital and nnn-life companies N300,000. Brokers must have a minimum paid-up capital of N25,000 and must deliver premiums within 30 days of receipt.

I.R.

OWNERSHIP OF NIGERIAN ENTERPRISE

Year	1966	1970	1976
OIL			
% Foreign	100	100	39.2
% Nigerian	—	—	60.8
MANUFACTURING			
% Foreign	81.5	57.3	56.7
% Nigerian	18.5	42.7	43.3
AGRICULTURE			
% Foreign	82.1	81.7	69.5
% Nigerian	17.9	18.3	30.5
TRADING			
% Foreign	98.9	94.0	71.7
% Nigerian	1.1	6.0	28.3
TOTAL			
% Foreign	92.9	81.2	58.5
% Nigerian	7.1	18.8	41.5

A grinding halt: Comprehensive motor insurance costs over N750 a year and brings the companies N90m annually

A warm day for the chairman

AGMs

THE CHAIRMAN of Mobil Oil Nigeria rose to deliver his annual message to the approximately 2,000 shareholders in Lagos's National Theatre.

Suddenly, a shareholder stood up and waved Mr. Richard Hebbered down.

"Mr. Chairman, we have a lot of important questions to ask. Your statement is just a waste of time. Let us get on with it."

"Agreed, agreed," Mr. Hebberd, a tall, swarthy American, said weakly and the questions began. They were to continue for 45 minutes and at the end of it the chairman was drenched in perspiration from his head to *his waist*.

The questions had ranged from the auditors' fees, which had been raised 29 per cent to N67,000 (£53,000) to the sudden appearance of N2.5m in depreciation charges. The failure of the directors to issue bonus shares was criticised and the continuing presence of foreigners queried. In some cases, brush-off answers caused moans of discontent.

Shareholder capitalism is o relatively recent phenomenon in Nigeria but these people have embraced it with enthusiasm and quickly acquired a reputation for being attentive, sophisticated in their questioning and highly demanding of their directors.

AGMs are dreaded by some directors, but are the source of lots of good stories. Last year, for example, the nationalistic Nigerian directors of Cadbury, Nigeria, who had just acquired control of the company through the indigenisation exercise, proposed that the name, Cadbury, should be removed.

The shareholders, whose feel for commercial value was unaffected by vain pursuits, would not hear of it and voted them down.

At the United Bank for Africa (the Banque Nationale de Paris associate) AGM last month, a shareholder demanded that the auditors be fired for not noticing that a bonus share issue last year had not been distributed. In fact, the distribution had been made, but in the previous year.

And at the First Bank Standard Chartered Associate) AGM in July, shareholders complained that although they held 17 per cent of the shares, all the directors were named either by the Government, which has a 45 per cent stake, or Standard Chartered, which holds 38 per cent.

Mr. P. O. Nwakohy, chairman, dismissed these complaints saying the public shareholders were in no position to organise themselves to name directors.

"Agreed, agreed," Mr. Hebberd, a tall swarthy American said weakly and the questions began. They were to continue for 45 minutes and at the end of it the chairman was drenched in perspiration from his head to his waist.

"If we mismanage your affairs, all you can do is tell us so at these meetings," Mr. Nwakohy said to loud booing.

Another shareholder charged that the replacement by the Government of eight directors, including the chairman, during the year violated the bank's articles.

But even such a sophisticated query as that had been anticipated and a company lawyer produced a dubious response, which provoked still more booing.

The meeting remained in control but ended in a bad humour that was only slightly assuaged at the adjacent bar.

A prominent theme at AGMs is the continuing presence of foreign directors, even though foreigners are allowed to retain only 40 per cent of the shares of most companies.

Some shareholders resent the presence of expatriates and demand to know why the company is not totally Nigerian. Others urge patience and express gratitude for the expats' continuing assistance.

A tell-tale sign of the current mood comes during the custom of clapping each director as he is introduced by the chairman. At First Bank, Lord Barber, chairman of Standard Chartered, was given a most enthusiastic reception.

As elsewhere, companies seek to disarm their shareholders with gifts. First Bank issued umbrellas, which was a good idea because it was raining that day.

I.R.

Confusion over budget changes

TAX

A tax loophole for construction companies was closed last September by retroactive imposition on gross turnover

WHILE THE federal budget as a whole was seriously delayed by the unfamiliar process of Parliamentary review, the proposed changes in taxation seemed to get lost completely in the new legislative shuffle.

Considerable confusion developed during the summer because of a small booklet called "1980 Notes for Guidance on Budget," published by the Inland Revenue in June, which outlined the proposed tax changes.

Many companies immediately implemented the proposals, said to be retroactive to April 1, especially the increase in permitted dividend payout from 50 per cent of after-tax profit to 60 per cent or 20 per cent of paid-up capital, whichever is larger. (To add to the confusion, the April budget outline had mentioned 25 per cent of paid-up capital.)

It subsequently emerged that these were merely proposals by civil servants who, after 15 years of military rule, simply took it for granted that their scheme would be approved and so implemented it immediately.

However, under the new constitution, nothing can be implemented until a Bill passes the National Assembly and the current guess is that it will pass in January with the next budget.

It is unlikely that the Government will have the temerity to withdraw the dividend payout provisions as this would mean asking thousands of shareholders to pay back some of their dividends. But other proposals have been contested and could fall.

One such proposal calls for an increase in the dividend withholding tax from 12.5 per cent to 20 per cent (25 per cent for foreigners, both individual and corporate). Some companies have refused to pay the increase and have apparently succeeded in getting approval to remit 37.5 per cent of dividend payments to foreign owners.

While the status of all the proposals in the Inland Revenue guidance notes is uncertain, observers believe that most are in line with Government thinking and will pass in substance if not in exact detail.

One of tha more important *provisions, for example, is the* re-establishment of franked income so that dividends from one company can be paid to another without tax having to be paid twice. In the case of dividends passing between Nigerian resident companies *and individuals, a* 20 per cent tax would be paid on the dividends by the issuing company. For non-residants, the rate would be 25 per cent. The recipient companies would not be charged income tax on this franked investment income and would be allowed to take a credit against the tax payable on thair own dividands of the amount already paid.

Another welcome *proposal* is *for the restoration of* the maximum deductible allowance for technical service fees to 2 per cent of pre-tax *profit* from the mare stifing 3 per cent of after-tax profit. Some business leaders still consider this inadequate if the country is to compete successfully for technology transfers, but trading companies seem content.

Not least important in the list is the new schedule of personal income tax rates, showing a substantial easing of the burden on higher earners. The proposal is to reduce the maximum 70 per cent rate on *N30,000* and above to 45 per cent on N36,000 and above. Opposition to the scale of these reductions may mean that the top rate gets lowered only to 55 per cent but businessmen are still confident of a significant improvement.

The taxation of construction companies, under consideration since 1977, was finally resolved last September by military Government decree. The new ruling provides that coostruction companies pay either normal corporation tax of 45 per cent of profit or 2.5 per cent of turnover, whichever is larger. The provision applies retroactively to the December, 1976 tax year. Some companies *tried to resist this frequent* Nigerian practice of legislating by hiodsight hut without success.

Resistance to any tax measura is, in fact, impossihle becanse of the ever-widening nse of the tax-clearance certificate. This is now a prerequisite to tendering for any Government contract, to registering a vehicle, to remitting dividends ahroad, and even to buying gun licences or travellers' cheques.

They cau be obtained from the Inland Revenue and relevant state governments usually in two or three days hy a new company, provided the proper documentation is produced. For old-timers, it can take up to two weeks.

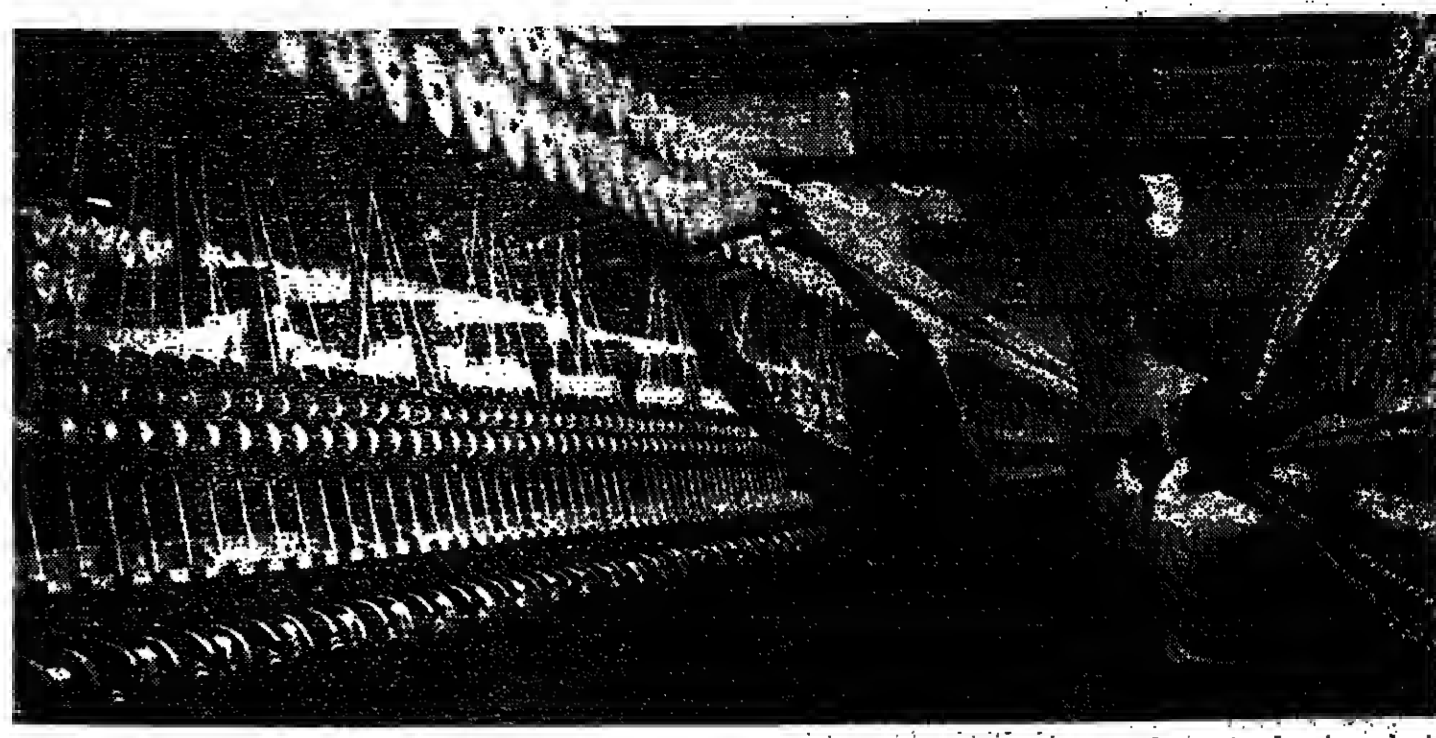
The story is told of a shareholder who, bored with the interminable commentary of one of his fellows at an AGM, rose to announce that the gentleman in question had no right to speak anyway hecause be had not ohtained a tax-clearance certificate.

Meanwhile, Britain and Nigeria are said to he making good progress in drafting a new douhle taxation treaty and it may be ready early next year. In the year since the former treaty expired, companies have been allowed to proceed as if the treaty were still in force.

I.R.

Outlook remains far from bright

Nigeria has everything needed for a strong industrial economy—a large home market, plentiful natural resources, a huge territory and the money to develop it. But despite major efforts in the past decade to promote industry and discourage imports of finished goods, the level of industrialisation in the country remains pitifully low.



The Nigerian Spinners and Dyers works at Kano. The Government is trying to promote the sector by strongly protectionist policies, but smuggling and dumping have forced a number of factories to close

OUT OF a gross domestic product last year of probably N18.7bn, manufacturing accounted for less than 8 per cent. Imports at an estimated £7bn, were the equivalent of more than one-third of GDP and, in August, 1979, the latest month for which detailed statistics are available, 64 per cent of imports were of manufactured goods and machinery. Although the barriers to imports were still particularly strong in the first half of 1979, domestic industrial production actually declined by 1 per cent.

The reasons for this poor performance are well known—inadequate investment in basic industries, inadequate support for industries already in place and an extraordinary lack of co-ordination in the planning of the many large industrial projets that do go ahead.

"Most of our projects are not properly linked," Alhaji Abubakar Abdulkadir, the recently appointed managing director of Nigerian Industrial Development Bank, explained in an interview.

"This does not make for a proper economic take-off. The greater part of our machinery, even basic machinery, is still imported. The automotive industry is still basically assembly and not much manufacturing."

The linkages be and other industrial planners are looking for are from raw materials through intermediates to finished products instead of the typical manufacturing operation in which, say, toiletries are made by mixing imported lanolin, wax, perfume and colouring in an imported vat and pouring them into imported jars on an imported assembly line.

Statements of value added in company reports, although few and far between, can be revealing. John Holt, for example, a company in which manufacturing is said to be about 50 per cent of activity, reported value added last year was only 8.5 per cent. The Government's Fourth Plan target for manufacturing as a whole is 55 per cent.

The pure import-substitution manufacturing operation is undoubtedly very expensive for the country but is probably the necessary first step to industrialising. A Peugeot 504 assembled from completely knocked down kits in Nigeria now costs more than N10,000, but the motor sector is one where the Government seems at least to be on the right track.

Starting four years ago, the country adopted a policy of progressive manufacture, whereby designated producers set assembly plants and agree to add more and more local content over a specified period of time, usually 10 years, in return for substantial protection from imports.

In the car sector, the designated manufacturers are Volkswagen and Peugeot while commercial vehicles are assembled by Leyland Vehicles, Fiat, Mercedes and Steyr Daimler Puch. Early this month, Ford, which finally realised that it could no longer export vehicles to Nigeria, joined Steyr in a deal to supply kits for 2,000 trucks a year.

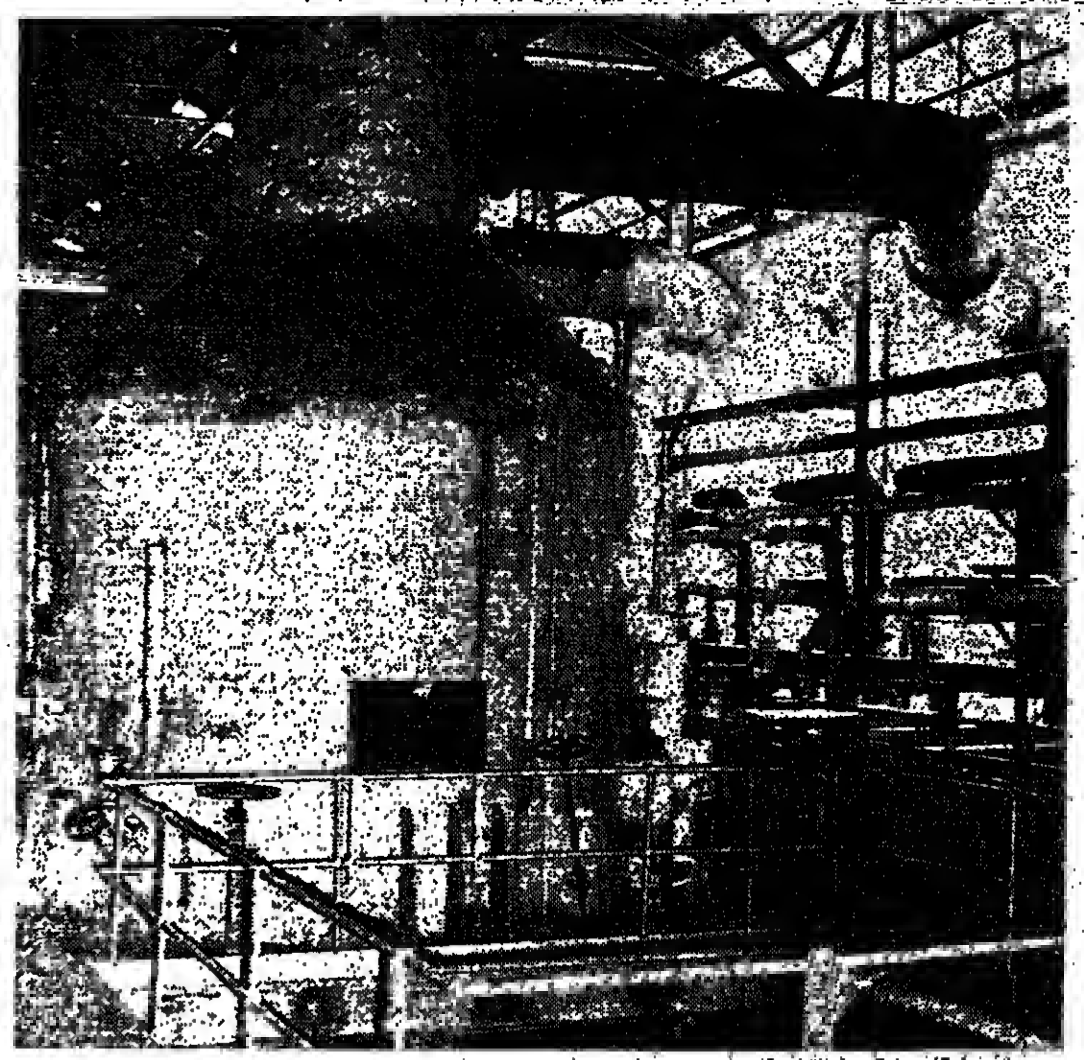
Encouragement

While the motor industry may be a promising one, the execution is already in trouble and not just because the market for all vehicles in Nigeria has been soft for the past two years. Vehicle manufacturers are finding that Nigerians are not interested in starting up small engineering businesses that would become component suppliers. The companies now see no hope of fulfilling their obligations to increase local content as quickly as originally agreed. The Government has acknowledged the problem and is studying ways of encouraging Nigerians into the engineering sector.

A measure of the difficulty can be seen each week in the financial newspaper, Business Times. Each week it publishes a column called Investment Opporunity, which sets out in glowing terms, complete with capital spending requirements, cash flow projections and pro-forma balance sheets, how to set up a business to manufacture, say, nails, concrete blocks, lead pencils or plastic buttons.

But so far there is not much sign of the sort of local entrepreneurship the editors of Business Times are trying to encourage. Instead, Nigerians are more likely to be found imitating the whites by setting up trading and light assembly businesses that demand little investment and provide fast turnover.

Meanwhile, the Government's attempts to develop large basic industries continue to founder. After several years of delay, the military Government granted a contract in July, 1979 to the Russian company, Tiajpromexport, to build an integrated steel complex at Ajaokuta in Kwara state with initial capacity of 1.3m tonnes a year. Production was to begin in 1983 and capacity expanded to 5.2m tonnes by 1986.



The evaporators section of the Nigerian sugar company Bacita, in Kwara state

The new Government was suspicious of the project from the start and decided to hire management consultants to review it, although this has not yet happened. The Russians have become increasingly impatient with this and other delays, notably the failure of the Government to let the contract for the basic civil works on the site.

Under mounting criticism and insinuations that he was trying to rearrange patronage on Ajaokuta-related contracts, the minister responsible for steel, Mr. Paul Alongo, was reassigned last month and then resigned from the Cabinet a week later.

Given the high cost of the project, now estimated to reach a numbing N3bn, its ultimate value to the economy has been questioned by the World Bank, among others. However, there seems little doubt that the Nigerians are going to go through with it. At least the country has the demand, estimated to reach 4m tonnes a year by 1985, to support Ajaokuta and other steel projects.

There are several other smaller steelmaking projects in the works, including one launched by the Lagos state Government on the laudable grounds that it would help clear the city of scrap. But only one, a N400m direct reduction plant at Warri with capacity of 1m tonnes, is well advanced and likely to begin production of continuous castings early next year.

As for chemicals, it is difficult to understand why Nigeria did not move quickly, like other OPEC countries, to develop basic petrochemical industries when the price of oil soared in 1974.

The conntry still has no production of olefins and aromatics and is a huge importer of synthetic resins and fibres, both as intermediates for industry and as finished products.

In the related pharmaceutical sector, the picture is similar. Although turnover is estimated at N200m a year and is growing rapidly, about 85 per cent of the country's needs are imported and only 10 of 35 international companies active in Nigeria have begun modest local production.

The rest of industry in Nigeria is patchy. The paper and board sector is unusually well developed and integrated with the only problems being inadequate capacity and a declining forest reserve. Reafforestation programmes are in their infancy but, given the country's climate, could probably be intense. Among major projects under way are a N93m expansion of the Jebba paper mill in Kwara state to 65,000 tonnes a year due for completion next year and a N152m project to produce 10,000 tonnes of newsprint a year in Cross River state starting in 1981.

Building materials are also well represented, with substantial timber, particle board and sash and door manufacturing under way. The fourth plan establishes cement as a priority sector although the country already has substantial capacity, exceeding 4m tonnes a year. Only small quantities, about 0.5m tonnes, are imported. It is also difficult to understand the current enthusiasm for red brick works, given the extra energy required to make bricks (as opposed to cement blocks), the extra skill required to lay them and the good roads needed to transport them safely.

The textile sector is another that the Government has tried to promote through a strongly protective policy. Imports of grey cloth have been banned and the Government has served

CONTINUED ON NEXT PAGE

Good result from BL's plant

LEYLAND

LIKE most large projects in Nigeria, the N75m Leyland truck and four-wheel-drive vehicle assembly plant at Ibadan has not developed according to plan.

The plant was supposed to begin full operation in March, 1979 and move quickly into metal stamping and metal manufacture as the first steps tnwards raising local content tn 100 per cent nver 10 years.

In the event, the company did not begin selling its products until December, 1979 because of a row with the Government over factory-gate prices, and production build-up has been slow because of soft market conditions.

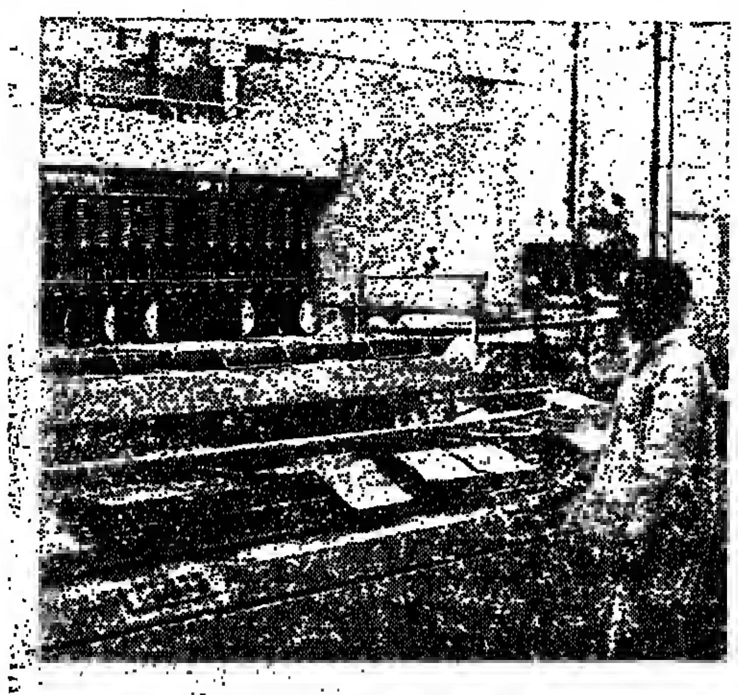
Further edditiona to local content have been postponed because the other four commercial vehicle manufacturers in the country have been dragging their feet and the Government has been surprisingly indulgent so far.

The good news is that Leyland's Nigerian-assembled products are beginning to sell well and the operation as a whole ia producing excellent results for both BL and Britain.

For its modest N6m equity investment in the project, BL will export about £32m worth of parts to Nigeria this year, rising to an estimated £80m next year. Leyland claima already to be the largest single exporter from Britain to Nlgeria.

The Ibadan project is part of a major programme developed four years ago by the Nigerian Gnvernment to promote local commercial vehicle manufacture.

Four companies, Leyland, Fiat, Daimler-Benz and Steyr, were selected to become what the Government called "progressive" manufacturers. Early this month, Ford joined up with Steyr and expects to supply kits from Britain for 2,000 trucks a year worth £15m.



> "For its modest N 6m equity investment in the project, BL will export about £32m worth of parts to Nigeria this year, rising to an estimated £80m next year."

The idea was that they would benefit from major Nigerian participation in financing and generous tariff protection in the market provided they followed a rigorous schedule of increasing local content. In Leylaod's case, the Government and a few large Nigerian institutions took 60 per cent of the equity and arranged the remaining N60m in low-cost loans.

In 1978, the market was estimated at 30,000 vehicles and the plants were built with capacity of about 7,000 trucks a year each, leaving room for imports of special purpose vehicles. Subsequently, the Government decided to continue supporting a long-existing Bedford truck assembly plant, permitting an expansion of it to a capacity of 8,000 trucks a year.

Meanwhile, following the severe austerity measures taken by the military Government in 1978 to bolster foreign reserves, the truck market collapsed. The total industry volume this year is estimated to be only 14,500 vehicles. Leyland estimates it will sell only 1,400 trucks this year plus 2,800 Land-Rovers and Range Rovers, resulting in a N2.3m trading loss on turnover of N57m.

Like all capital goods manufacturers, Leyland is already feeling a resurgence in demand following the new Government's expansionist budget. In July, the company aold a record 460 vehicles for N6m The company expects truck volume next year to rise to about 24,000 vehicles and is confideot it will sell 6,000 plus 5,000 Land-Rovers and Range Rovers to produce turnover of N140m and a first profit.

Currently, the plant is assembling 12 Land-Rovers per shift, which is said to be a better rate of production than that achieved in the UK, but only 2.5 Range Rovers per shift. This is expected to double hy next month.

Only six WF trucks are being produced per shift because of soft demand, as against a potential of 12.

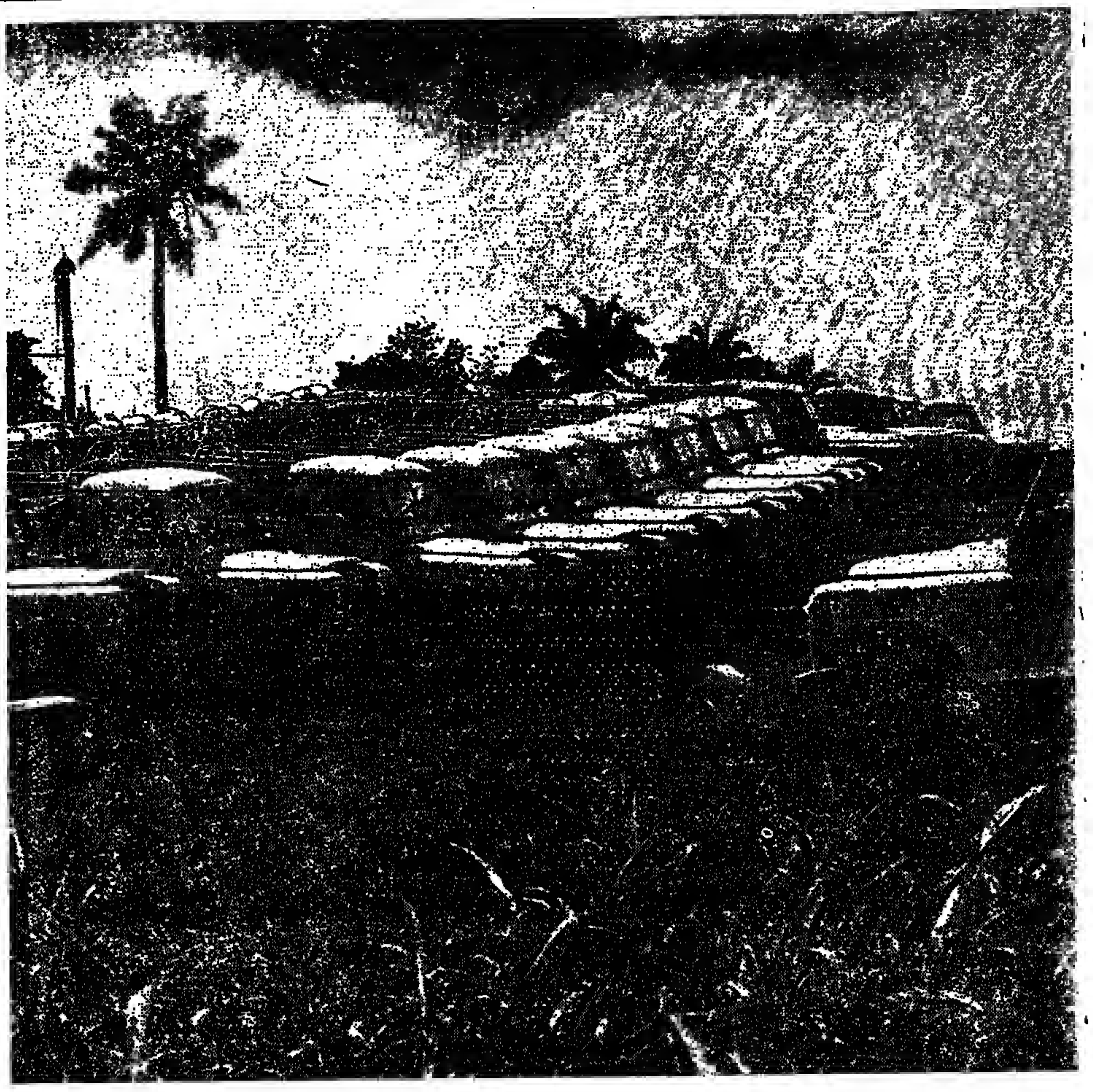
The plant makes only four Albion trucks per shift also because of soft demand and only recently shut-out import competition. Assembly of the new Landtrain model has begun recently and is expected to reach four trucks per day aoon.

As for local content, both Leyland and the Unilever affiliate, UAC of Nigeria, which operates the Bedford assembly plant, claim to have reached the 30 per cent level.

However, all further progress is halted while a joint industry-Governmant committee looks into the difficulties of local sourcing. Government officials admit that progress has not been as rapid as they had boped, but they remain optimistic that, with co-operation, lost time can be regained in later years of the agreement period.

Officials recognise that costs of local production tend to be prohibitively bigh and they are looking at what incentives and tax reliefs might encourage more local entrepreneurs to launch parts manufacturing businesses. They also think tbat it sbould be possible to standardise some parts for all five manufacturers, wbich would help reduce unit costs.

I.R.



Land-Rovers from the production line at the Ibadan plant. Although a trading loss of N2.3m is expected this year, demand is recovering quickly thanks to the federal Government's expansionist budget

Nigeria has 17 working breweries and six more are under construction

Outlook far from bright

CONTINUED FROM PREVIOUS PAGE

notice that imports of yarn, of which only 30 per cent is produced locally, will be banned in 1983. However, an escalating rate of dumping and smuggling has left the sector in considerable disarray, causing a number of recent plant closures. In the first seven month of this year, nearly 1,500 workers in the sector were laid off.

One industry that is well developed and growing rapidly is the brewing industry. The country has 17 breweries in operation and six more under construction, but brewers still do not see the gap between demand and supply closing. According to one estimate, Nigerians are near the bottom of the African league when it comes to beer, consuming only eight litres per capita per annum.

The main obstacle to a much faster rate of industrial development in Nigeria is probably the incoherence of the range of Government policies that affect industries. The perennial shortage of beer, for example, could be alleviated if price controls were applied more sensitively. The industry won its first increase in two years, only 12½ per cent, last June.

On a more substantial level, the country could and should be an exporter of rubber and cotton-based products. However the Government will not allow the value of imports to be offset against exports and thus companies have no incentive to export. An export promotion body was set up three years ago but officials admit it has not done much.

Many sectors, especially the textile sector, suffer from the wide availability of smuggled imports or periodic changes in the Government's protective tariffs.

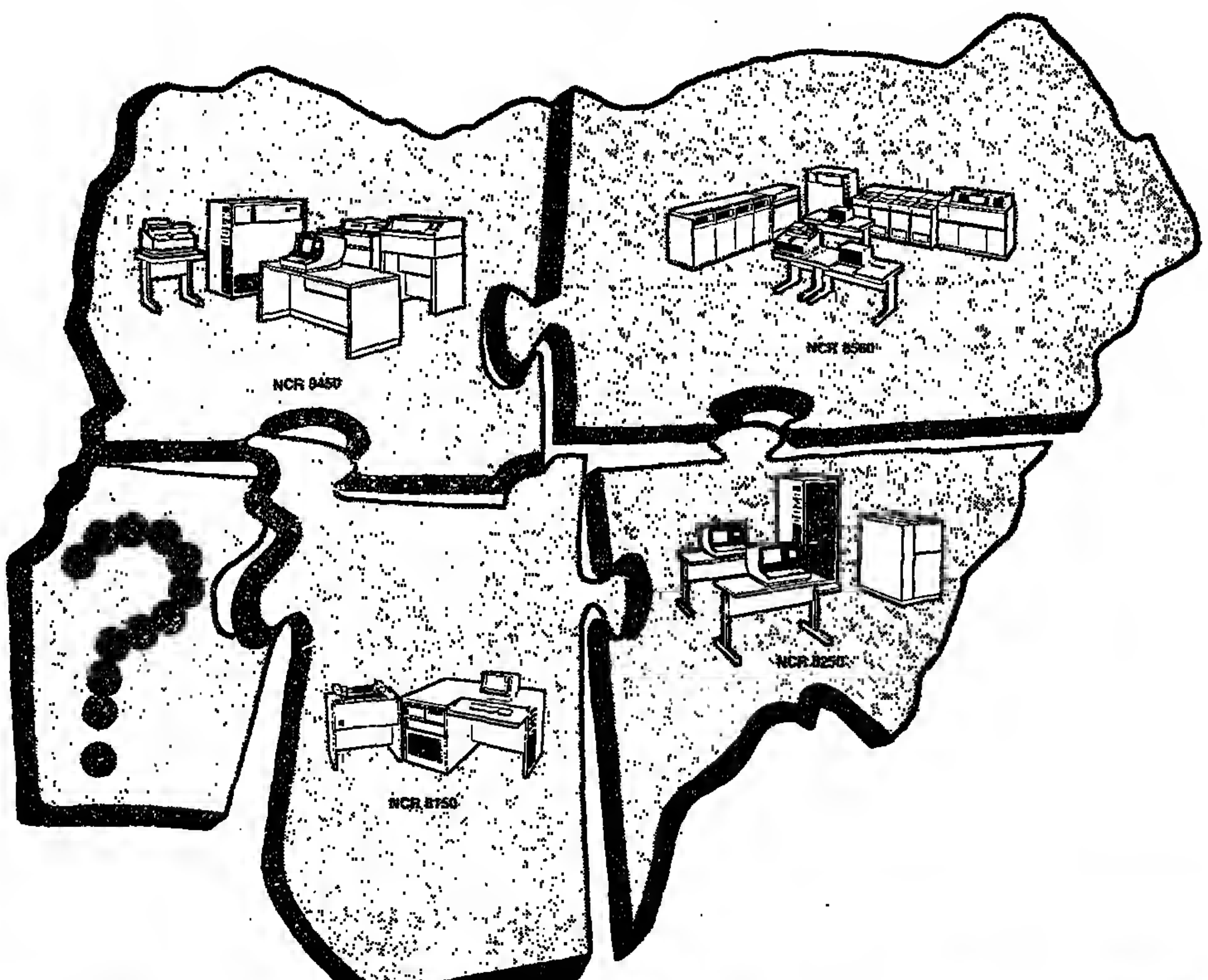
The Government acknowledges that smuggling is a problem, although Mr. Isaac Shaahu, Minister of Commerce, said in an interview that he thinks most reports are exaggerated. Officials point out that Nigeria has a long border that is difficult to patrol and is surrounded by Francophone countries that allow a lot of imported goods. They also argue rather cynically that less foreign exchange is lost on smuggled imports than on officially sanctioned purchase of imports.

Last June, the Government showed it could respond quickly to market forces by announcing that it would open the way for imports of some 74 products that it suspected would soon be in short supply and thus adding to inflation. However, a fight then followed over whether import licences should be given to any and all traders or, as would seem more sensible, to companies that already manufacture in Nigeria but are short of capacity.

Although the new Government wants to encourage foreign investment, a curious interpretation of the industrial companies indigenisation decree is stifling some companies' plans. According to this interpretation companies in Schedule Two (those allowed up to 40 per cent foreign ownership) that seek to invest their surpluses in new Schedule Two businesses must take on a new 60 per cent Nigerian partner.

In other words, for the purposes of the new company, the sponsoring company is considered to be 100 per cent foreign rather than only 40 per cent foreign. A determined lobby by businessmen has met only modest understanding in the Government so far on this issue.

I.R.



"But you must drink it here" . . . bottles are at a premium in Nigeria thanks to the bottlers' policy of buying as few new ones as possible

'May we never want a friend in need —nor a bottle to give him'—Charles Dickens.

BOTTLES

A GREAT commercial mystery is where all the bottles go.

Like every newcomer, I went to a shop one day to buy a bottle of ginger ale. Yes, I could have one provided that I drank it on the premises. If I wanted to buy a case to take home, I would have to bring in a case of empties first.

I quickly discovered that it is very difficult to find someone who will sell empty bottles, and when you do find him under a bridge somewhere, he will demand perhaps £8 for a case of 24 bottles.

In Nigeria, bottles pass from father to son, are included in estate sales and perhaps even dowries. In the soft drink category, ginger ale bottles can be exchanged only for ginger ale and tonic bottles only for tonic. However, a colleague discovered that Cocoa Cola bottles carried a slight premium and could be used as a sort of reserve currency convertible into any other brand. Beer bottles are slightly less in demand, presumably because they are standardised. A case of 12 empties can be purchased relatively easily for a mere £4.

Why do bottles have such outrageous value? Ask a merchant and he will tell you that it is the fault of the Government for blocking imports. He is wrong. Imports of beer bottles are banned but imports of soft drink bottles are not. In any event, the domestic production of glass bottles is more than adequate to meet demand. The grounds surrounding the bottle-making plant of Metal Box Toyo Glass stock enough bottles of all kinds to eliminate all shortages.

A few bottlers refuse to buy a normal quantity of bottles because they want to save working capital. They prefer to oblige customers to recycle bottles as fast as possible. Other bottlers would be willing to invest more in bottles but realise it would be a waste of time because it would only incite competitors to buy fewer still.

Owners of new breweries, for example, have been known to offer distributorships to anyone who brings in 1,000 bottles.

Metal Box Toyo Glass once tried to go around the parsimonious bottlers by selling directly to the frustrated public. On the beer side, all that happened was that the brewers sucked up the new free supply and reduced their own buying.

On the soft drink side, the bottlers complained that Nigeria's ever-resourceful street traders were picking them up and filling them with counterfeit product.

I.R.

Power in the hands of opportunists

BATTERIES

THE PRICE and availability of batteries is one of Nigeria's many commercial mysteries.

At times, they can be found in shops at relatively normal prices, say, 50k for the standard U-2 flashlight battery.

At other times, the shops are empty but batteries can be found on street traders' stalls for up to 75k apiece.

Although imports of U-2s have been banned for two years, it is not unusual to see Nigerian and foreign-made batteries of the same brand selling side by side on the street.

"Batteries are a commodity in Nigeria," Mr. Colin Smith, general manager of Berec International Sales Nigeria, explained.

Like Bournvita, Peak brand evaporated milk and a few other products, batteries have become a near-essential item for most Nigerians, especially in the suburban and rural areas where there is no electrical service.

As such, batteries are easy prey for opportunistic traders and are frequently hoarded by consumers fearing shortages.

The overall market is estimated at about 300m U-2 batteries a year. Growth rates and potential are huge hut impossible to assess with any precision party hecause of variations in illegal imports and partly because of frequent shortages of radios and other gadgets Nigerians would like to buy and operate with batteries.

Berec is by far the largest manufacturer in the country with a factory in Lagos that it has not been able to expand rapidly enough to keep up with demand and a second one under construction in Kaduna that will double its capacity.

Berec's recent profit growth in Nigeria has been handsome, rising from N1.9m in 1975-76 to N4.1m in 1979-80 before tax. Turnover has grown from N9m to N26.6m in the same period with two thirds of sales being batteries manufactured in Nigeria and the remainder imports of special-use models.

Until this year, only three small local manufacturers, Bristar, Wahum and Fortune, have competed with Berec while smuggled imports have appeared whenever shortages have been severe.

This month, however, the largest battery manufacturer in the world, Union Carbide, makes its entry in the market with the opening of a N15m factory at Kano designed to match Berec's production.

Does this mean there is suddenly going to be a surfeit of batteries in Nigeria and a round of price cutting?

Not likely, according to Frank T. Wood, Union Carbide's project co-ordinator. "We should not touch each other at least until 1985."

Mr. Smith is less sure, given the Government's recent decision to allow some importing of U-2s to resume.

Fortunately, the Government is also allowing more imports of radios, cassette players, toys and other gadgets likely to consume batteries.

I.R.

Self-sufficiency is the aim

Nigeria is about to embark on a programme costing hundreds of millions of Naira aimed at reviving the flagging agricultural sector. Ministers say that next January's budget will contain a huge increase in the federal allocation to agriculture to coincide with the start of the Government's food plan for the eighties—the Green Revolution.

AGRICULTURAL experts in Nigeria have grave reservations about how successful the plan will be. They point out the failure of previous attempts at stimulating agriculture—Operation Feed the Nation and the National Accelerated Food Production Programme—neither of which produced any significant improvement in the sector.

They accept that the Green Revolution plan has been better thought out than its predecessors but say it is bound to run into similar constraints. They foresee problems of co-ordination between the federal and State authorities—especially those not controlled by the ruling National Party of Nigeria—and unless there is considerable help from outside the country there will also be problems finding the necessary trained manpower.

None the less, President Shehu Shagari came to power with a firm commitment to reverse a decade of decline in agriculture. With the impact of the oil boom, outsiders tend to forget that Nigeria remains essentially an agricultural country with some 70 per cent of its 80m to 100m people depending on the land for a living. Despite its crucial role in the economy, successive governments have paid lip service to its importance while allocating resources elsewhere.

Demand grows

The result has been that Nigeria, once a major exporter of agricultural commodities such as cocoa, rubber, oil palm, cotton and groundnuts, is now a net importer of practically everything. Overall, food demand has been growing at an estimated 3.5 per cent a year while agricultural output has managed a derisory 1 per cent annual increase. Nigeria could need to import some 2.85m tonnes of grains this year—primarily wheat, rice and sugar—and 0.48m tonnes of livestock products. At the rate the country could be importing as much as 5.2m tonnes of grain and other non-meat products by 1985.

The Shagari Government is convinced that it can reverse the trend and make Nigeria self-sufficient in food crops in five years and self-sufficient in cash crops in seven years. That conviction is based largely on the fact that Nigeria's low productivity and vast tracts of uncultivated land leave a lot of room for improvement.

The Third National Development Plan estimated that of the country's total land area (98.3m hectares), only a third was under cultivation. Agronomists have found that with improved seeds, and access to fertiliser, pesticides and insecticides at the right time, yields can be increased up to five times for traditional crops.

The team of experts from Nigeria and the World Bank who drew up the Green Revolution programme remain sceptical. They say the chances of reaching the Government's targets are "highly unlikely" *although a substantial increase* in production of maize, sorghum and cassava could compensate for shortfalls in other crops.

The details of the plan are discussed in a later article. It proposes sweeping reforms of the agricultural sector, rejects much of the thinking of previous administrations and concentrates on improving the lot of the smallholder who accounts for an estimated 97 per cent of agricultural production.

The document is still being considered by the Government and is subject to modification both at this stage and when it is put to Parliament.

The appeal of the plan to President Shagari's administration is three-fold. First, his Government will be alive to the political wisdom of spreading the benefits of Nigeria's oil wealth to a wider agricultural electorate. The deterioration in rural/urban terms of trade, though not accurately documented, have been painfully visible since the oil boom.

Secondly, by achieving a transfer of resources to the rural sector and raising living standards in the countryside, the Government hopes to get to the heart of one of the most pressing social problems of developing Nigeria—the drift from the land to the towns. If living standards can be improved in the rural areas, President Shagari's administration believes that the drift to the cities can be slowed.

The third recommendation for a substantial investment in agriculture is to ensure that when Nigeria's main wasting asset—its oil—runs out, the country has something else on which to depend. Gas and industry are being promoted but President Shagari has frequently said that Nigeria's future will only be secure if it can guarantee the health of the agricultural sector.

That is why, according to the federal Minister of Agriculture, Alhaji Ibrahim Gusau, the Government did not want to move ahead until a proper framework had been created to tackle the problems. Last April's budget, which covered the nine months to the end of this year, gave agriculture Naira 24.4m (£20m) for recurrent and Naira 260m (£210m) for capital expenditure.

But soon after assuming office the Shagari Government announced a crash programme for agriculture costing Naira 18.3m (£14m) to try and get something moving immediately and forestall its critics.

The programme was dismissed in some quarters as political gimmickry. One of its main boasts was that approval had been given for the import of some 500,000 tonnes of fertilisers, but because of bureaucratic ineptitude the fertiliser was delivered more than two months late for the planting season and as a result much of it will not have any impact on the harvest.

But the programme did provide for the import of 500 tractors to be distributed among the States, which were expected to turn to pass them on to co-operative societies or farmers' unions. It also gave Naira 2.3m (£2m) to the States so that each could clear a minimum of 4,000 hectares for large-scale farming enterprises.

Groundnut farmers got an allocation of Naira 2m (£1.7m) worth of improved seeds which were to be distributed to them at subsidised prices. Higher producer prices were announced for most of the major crops in plenty of time for the farmer to decide where his best investment lay before planting. For the livestock producers there was a special import of vaccines and 1,000 breeding cattle. On fishing, the Government approved the purchase of 45 medium-sized fishing trawlers from Poland, while nine sites have been identified for the development of inland fisheries for large-scale fish farming.

The programme went some way towards alleviating a few of the problems faced by agriculture. But only with the implementation of the Green Revolution plan do agricultural experts see any hope at all for a revival.

"It's no good just tackling one aspect of the problem in isolation, you have to look at it in its entirety," said one agronomist. To do that it is necessary to divide the problems of Nigerian agriculture into three broad categories:

1—historical problems connected with the sector;

2—those which have arisen from natural disasters and the civil war;

3—those associated with the country's broader socio-economic changes including the impact of oil wealth, and government economic policies.

The most intractable of the historical problems is Nigeria's tangled land tenure system. Most farming is done on smallholdings of two to five acres (up to two hectares) which are practically impossible to mechanise or rationalise into larger units. The 1978 Land Use Decree was an attempt at putting some sense into the system by effectively nationalising all land.

The decree gave the then military governor of each State the right to issue certificates of occupancy to those who had customary rights (usually on agricultural land) or statutory rights to a particular plot. The governor has the right to take over any land for public use. Individual occupancy was limited to one half hectare of undeveloped urban land, 500 hectares of land for agricultural purposes and 5,000 hectares of land for grazing.

That decree has proved difficult to apply because of the great sensitivity of the land question. The Government of President Shehu Shagari is reviewing the whole question so as to produce a law which would be easier to put into practice. However, it is certain that any law strong enough to be effective would prove highly unpopular.

In the second category no crop has suffered more from natural disasters than groundnuts. Annual average production has fallen from more than 500,000 tonnes in 1972 to a mere few thousand in past years. The groundnut crop was decimated by the Sahelian drought between 1972 and 1974 and the groundnut belt has since moved about 100 miles south. Immediately afterwards, groundnuts were hit by two successive years of Rosette disease.

The Marketing Board has proved practically inoperative, buying only 50 tonnes two years ago because its prices were so low. But the purchasing figures do not reflect the real crop, which is being sold increasingly to the local markets where the prices are higher and across the border with Niger for a "hard" currency—the CFA franc.

The civil war particularly hit the plantation crops—rubber and oil palm. The Ministry of Agriculture estimates that only

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COMMODITY PRICES

(April 1980)

Commodity	Price per tonne Naira (N)	Strlg. (£)
Sorghum	210	175
Millet	220	183
Maize	200	166
Rice (paddy)	329	274
Rice (milled)	570	475
Beans	345	287
Wheat	235	196
Soya beans	150	125
Benniseed	315	262
Ginger (split)	450	375
Ginger (peeled)	650	542
Sheanuts	100	83
Groundnuts	420	350
Cotton	400	333
Kenaf	431	359
Rubber (latex)	420	350
Rubber (processed)	690	575

Source: Federal Ministry of Agriculture

WHERE TO GO FOR INFORMATION

THE STATES: State Ministries of Agriculture and related bodies, River Basin Development Authorities and Commodity Boards

Anambra
State Ministry of Agriculture:
Mr. R. J. Adibueh, Perm. Sec., Enugu, Anambra State.
Agricultural Development Corporation:
General Manager, PMB 1024, Enugu, Anambra State.
Nigerian Tuber and Roots Crop Board:
General Manager, 114, Club Road, PMB 1347, Enugu, Anambra State.

Bauchi
State Ministry of Natural Resources:
Alhaji Mohammed Umar, Perm. Sec., Bauchi, Bauchi State.

Bendel
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Benin City, Bendel State.
Bendel State Food Production Board:
General Manager, Sapele Road, Benin City, Bendel State.
Benin River Basin Development Authority:
Mr. J. A. Eweka, General Manager, Central Road, GRA, PMB 1381, Benin City, Bendel State.
The Nigerian Rubber Board:
General Manager, 20, Iyoboss Street (off Owoseni Street), PMB 1048, Benin City, Bendel State.

Benue
State Ministry of Agriculture and Natural Resources:
Mr. B. A. Dur, Perm. Sec., Makurdi, Benue State.
Agricultural Development Corporation:
General Manager, PMB 2121, Makurdi, Benue State.
Lower Benue River Basin Development Authority:
Mr. Adeke, General Manager, PMB 2185, Makurdi, Benue State.

Borno
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Maiduguri, Borno State.
Chad Basin Development Authority:
Alhaji Kalli Iman, General Manager, PMB 1130, Maiduguri, Borno State.

Cross River
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Barracks Road, Calabar, Cross River State.
Cross River State Agricultural Development Corporation:
General Manager, 2, Barracks Road, PMB 1024, Calabar, Cross River State.
Investment Trust Company:
Managing Director, 1A, Barracks Road, PMB 1117, Calabar, Cross River State.
Cross River Basin Development Authority:
Mr. I. Ndaayo, General Manager, 32, Target Road, PMB 1249, Calabar, Cross River State.
The Nigerian Palm Produce Board:
General Manager, Atlantic House, Thomas Nanshaw St., PMB 1284, Calabar, Cross River State.

Gongola
Ministry of Agriculture and Natural Resources:
Perm. Sec., Yola, Gongola State.
Upper Benue River Basin Development Authority:
Alhaji M. Abubakir, General Manager, Airport Road, Jimeta, PMB 2086, Yola, Gongola State.

Imo
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Owerri, Imo State.
Imo State Agricultural Development Corporation:
General Manager, Owerri, Imo State.
Anambra/Imo River Basin Development Authority:
Mr. Okonkwo, General Manager, Okigwe Road, PMB 1301, Owerri, Imo State.

Kaduna
State [illegible] of Agriculture:
Perm. [illegible], PMB 2103, Kaduna, Kaduna State.
State [illegible] of Animal and Forest Reso[illegible]
Perm. Sec., Kaduna, Kaduna State.
Nigerian Agricultural Promotions Co.:
General Manager, PO Box 2120, Kaduna, Kaduna State.
Agriculture Promotions and Development Co.:
General Manager, PO Box 117, Kaduna, Kaduna State.
The Nigerian Cotton Board:
General Manager, Terkwa House, PMB 6035, Funtua, Kaduna State.
Nigerian Livestock and Meat Authority:
General Manager, Hospital Road, PMB 479, Kaduna, Kaduna State.
National Grains Production Company:
2, Maska Road, PMB 2182, Kaduna, Kaduna State.

Kano
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Kano, Kano State.
Hadejia Jamare River Basin Development Authority:
Alhaji Mohammed Rufai, General Manager, 11, Ahmadu Bello Way, PMB 3168, Kano, Kano State.
The Nigerian Groundnut Board:
General Manager, Kano, Kano State.

Kwara
State Ministry of Agriculture and Natural Resources:
Perm. Sec., PMB 1383, Ilorin, Kwara State.
Niger River Basin Development Authority:
Mr. M. S. Ayinmodu, General Manager, Km2 Jabba Rd., PMB 1528, Ilorin, Kwara State.

Lagos
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Ikeja, Lagos State.

Niger
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Minna, Niger State.
The Nigerian Grains Board:
General Manager, 28, Nassarawa Ward, PMB 17, Minna, Niger State.

Ogun
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Abeokuta, Ogun State.
Ogun-Oshun River Basin Development Authority:
Dr. Lekan Are, General Manager, PMB 2115, Abeokuta, Ogun State.

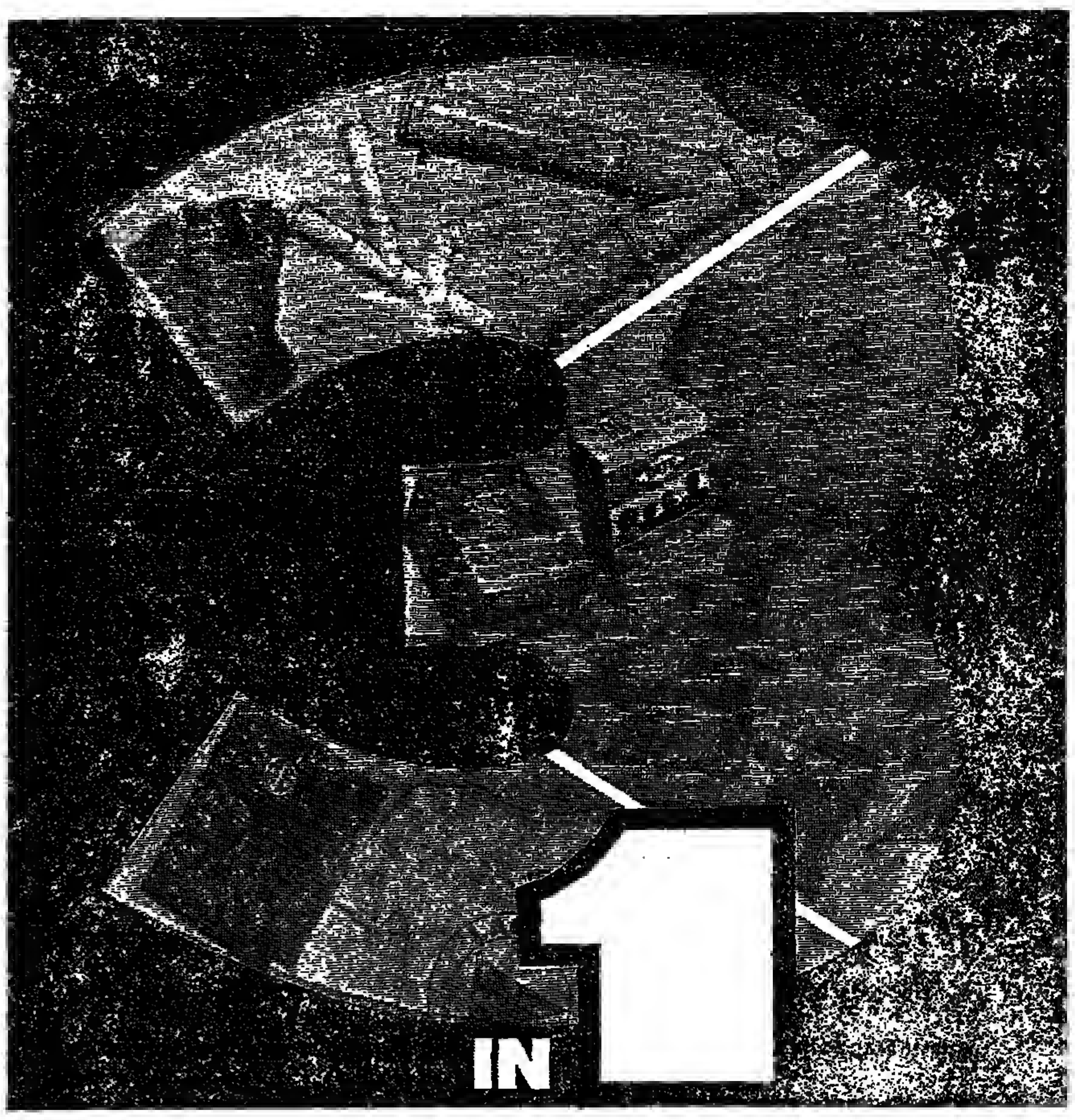
Ondo
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Akure, Ondo State.
Ondo State Investment Corporation:
General Manager, Akure, Ondo State.
Ondo State Agricultural Credit Corporation:
General Manager, Ado-Ekiti, Ondo State.

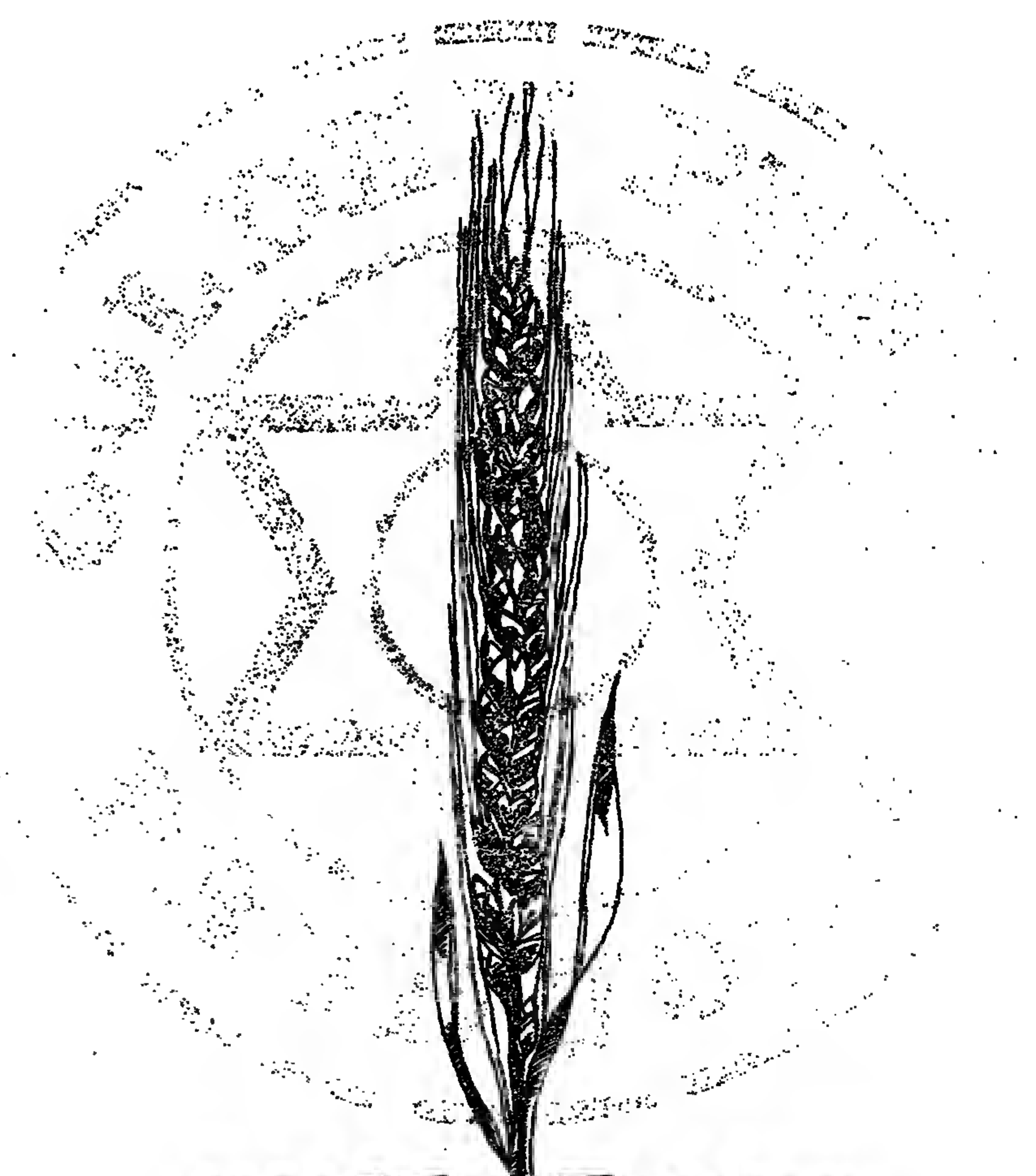
Oyo
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Ibadan, Oyo State.
The Nigerian Cocoa Board:
General Manager, Cocoa House, PMB 5032, Ibadan, Oyo State.
Ogun-Oshun River Basin Development Authority:
Dr. Lekan Are, General Manager, PMB 5574, Shell Close, Onireke, Ibadan.

Plateau
State Ministry of Agriculture and Natural Resources:
Perm. Sec., PMB 2050, Jos, Plateau State.

Rivers
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Port Harcourt, Rivers State.
Risonpalm Company:
General Manager, PMB 5637, Port Harcourt, Rivers State.
Delta Rubber Company:
General Manager, PMB 5637, Port Harcourt, Rivers State.
Niger Delta Basin Authority:
Mr. J. O. Briggs, General Manager, 5, Nnamdi Azikiwe Road, PMB 5676, Port Harcourt, Rivers State.

Sokoto
State Ministry of Agriculture and Natural Resources:
Perm. Sec., Sokoto, Sokoto State.
Sokoto Rima Basin Development Authority, PMB 2223, Sokoto, Sokoto State.





FARMERS ARE LEFT SHORT OF LABOUR

'The most profound changes in Nigeria's agricultural face are related to the broader socio-economic changes of a country which has gone through a great upheaval during the past decade.'

CONTINUED FROM PREVIOUS PAGE

40 per cent of rubber trees are still being tapped, giving an annual production figure of around 40,000 tonnes, about 25 per cent of which is consumed by the local market.

The big domestic consumers of rubber — Dunlop, Michelin and Bata — produce some of their own rubber on a plantation basis. But the smallholder suffers from a lack of skill according to the Marketing Board, and tends to cut too deep into the trunk, eventually killing the tree.

Oil palm is a similar story, with an increasingly large percentage of the production coming from estates as the small farmers—many of them in the east—abandon the palm. The trees have got too tall for the fruit to be easily harvested and the farmers heve found they get a better return from food crops. As a result, Nigeria is now a net importer of palm oil.

But the most profound changes in Nigeria's agricultural face are related to the broader socio-economic changes of a country what has gone through a great upheaval during the past decade. Oil money is at the heart of the problem but it has been compounded by the Government's policy of keeping the naira over-valued — thereby making imports more competitive—the lack of any coherent policy towards the agricultural sector to encourage production and bureaucratic incompetence as bad as any in the Nigerian civil service.

The groundnut crop again serves as an example as to how the country's agricultural output is changing. The drift of the young towards the cities to find work has left the groundnut farmer unable to find labour for what is a labour-intensive crop. What labour there is has become increasingly expensive because of the competition from the urban ereas.

Against that background, successive governments have failed to come up with any comprehensive policies to tackle the problem. The sector has suffered from a lack of appropriate research facilities despite the efforts made by such institutions as the Ibadan-based International Institute for Tropical Agriculture.

The farmer has suffered from poor extension services — or none at all. In the guidelines to the Fourth National Development plan it is estimated that the ratio of extension workers to farmers in Nigeria is 1:2,500 compared with 1:200 in India and 1:250 in Kenya.

He has also been unable to market his crops because of the inadequate physical infrastructure—the lack of feeder roads—and his inability to reach markets because of transport difficulties. Less than 10 per cent of feeder roads adopted by the Government have been all-weather, well-drained roads and so become unusable during the rainy season.

Government policies have also failed to get credit to the smallholder. The Government's Agricultural Credit Guarantee Scheme is generally considered a failure because it gave Government backing to only e certain percentage of commercial bank loans to agriculture. Although the present Government has stepped up cover, the commercial banks argue that even e percentage of a bad loan is still a bad loan.

Under Government credit guidelines the banks are obliged to give a minimum of 6 per cent of their total loans to the agricultural sector. Most of them have echieved the target by lending to State end private sector large-scale projects or schemes which favour the richer farmers.

In sum, as the Minister of Agricultural said in a speech last December: "Farming has become progressively unattractive and unproductive and remains characterised by inadequate capital, lack of suitable technology, inadequate supply of farm inputs, including credit, and scarcity of farm labour which has been worsencd in recent years by the migration of young men and women from rural ereas to the cities. These critical constraints still exist despite the enormous efforts in recent years to boost food production.

"This administration has a responsibility to errest this unhealthy trend. It will do this by investing more in agriculture. More important, it will carry out policy and institutional changes in order to minimise inefficiency and waste and make these investments much more productive."

How the Government hopes to achieve thet is set out in the next article.

M.W.

Smallholders have key to success

"IF THIS country's worsening food problem is to be solved within the shortest possible time, old policies should undergo close scrutiny. Radical policy revisions are suggested and new areas that were traditionally not the responsibility of the agricultural establishment are strongly recommended . . . some of our suggested changes may not be popular in some quarters within the agricultural establishment . . ."

So runs the introduction to Nigeria's plan for boosting food production—the Green Revolution. The document, drawn up by a joint team of experts from Nigeria and the World Bank, is now being discussed within Government and will eventually form the basis of Nigeria's strategy of agriculture throughout the 1981-85 Fourth National Development Plan and beyond.

Although the document is subject to modification before it is adopted as official policy, it is broadly in agreement with the views of the ruling National Party of Nigeria as outlined in its election manifesto. There is, therefore, little doubt that the scheme will become official Government policy as from January 1, 1981.

It is an ambitious document which draws heavily on the ideas of the World Bank as given in the 1978 Agricultural Sector Review. But as the head of the team, Professor F. S. Idachaba of the University of Ibadan points out in his letter of introduction at the start of the report, it will need the sustained political will of the Government if it is to succeed.

Quick work

The report was completed in May this year—a remarkably quick piece of work considering that the new government was only installed in October 1979. Agricultural experts say it is all the more remarkable given the wide ranging terms of reference which the team was set. They were asked to consider among other things:

The level of production of Nigeria's main crops and actual national requirements up to 1985; production targets up to 1985; production bottlenecks; broad programmes to reach production targets; specific projects which could be carried out within the broad programmes; requirements for improving physical infrastructure in the rural areas; cost-effective ways of carrying out the programmes; institutional reforms; the supply of inputs, produce marketing and pricing; the roles of the federal, state and local governments in agriculture; the total cost; and manpower requirements.

In answer to these demands, and bearing in mind the Government's desire to make Nigeria self sufficient in food crops in five years and self sufficient in cash crops within seven years, the team came up with a scheme which concentrated on the small holder. It presented six essential recommendations to the Government in its report.

1—With the smallholder at the centre of policies, minimum reliance should be put on Government companies and parastatals for food production and distribution.

2—Accelerated Development Areas should be declared in all parts of the country not already covered by integrated Rural Development Projects.

3—The private sector should handle inputs procurement and distribution.

4—The federal Government should make massive allocations of funds to developing rural infrastructure—feeder roads, on-farm storage, on-farm processing, minor irrigation works, rural and urban food market facilities.

5—Rationalisation and harmonisation of subsidies to agriculture and an overhaul of the pricing mechanism.

6—Better planning and co-ordination between Ministries and related bodies. Better project identification, appraisal, monitoring and evaluation techniques.

The basic techniques which the report recommends should be adopted are: soil and water conservation measures; land use suited to its natural capacity to grow different crops; water harvesting; minimum tillage; recycling organic waste; and vegetation cover to stop soil erosion.

The report tackles individual issues in the following way:

Alhaji Ibrahim Gusau, federal Minister of Agriculture: "farming has become progressively unattractive and unproductive."

Accelerated Development Areas: Following the success of the Rural Development Projects which were launched in conjunction with the World Bank in 1975, the plan recommends that some of the best features of those projects should be applied to the entire country—improved extension services, input distribution and rural feeder roads.

As in the other development projects the scheme would be based on local government council areas. With an average of 16 local government area councils in each state, they will be split into four zones each with a zonal manager. Each local government area would in turn be split into four blocks and each block into eight extension cells or units. The model local government area would contain 25,000 families giving on average of one extension worker to 800 farming families.

The projects will be phased so that at least part of each state would be covered by 1981. The total base cost of the scheme is estimated in the report at N244.13m (£203m) which would be split between federal and state authorities.

Evaluation and Monitoring of projects: the country would be divided for the purposes of analysis into areas with the same agricultural and climatic conditions. Each would have a regional agricultural development unit with four divisions: planning, monitoring and evaluation, technical services and infrastructure.

Infrastructure: The report says the lack of a good feeder road network is the "most serious constraint to agricultural development in Nigeria today." Whereas the ideal minimum feeder road density would be 110m/km2, the average density of existing all weather feeder roads is some 4m/km2. By concentrating on areas with a high agricultural output potential it would be necessary to build some 25,840 km of road which would give densities varying from 40 to 80m/km2 over the country.

The recommended construction period is five years using private sector engineering contractors. Assuming a base cost of N27,070 (£22,558) per km, the cost, with the Naira constant, would be N699m (£582m) and with 15 per cent inflation it would be N938m (£782m). The federal Government would be expected to meet the cost, bnt states would establish Feeder Road Boards while e Rural Infrastructures Authority or Unit would co-ordinate building and maintenance.

Inputs: An Agricultural Inputs Supply Corporation would be formed to centralise the procurement of inputs; to condnct market surveys on requirements and use; to collate statistics and to carry ont or sponsor research. The Corporation would build np buffer stocks equal to 20 per cent of demand.

Reduction

Until 1985, the report says, Nigeria will import some 95 per cent of its fertiliser requirements which could be some 1.23m tonnes by then. It suggests with the phased rednction of the present 100 per cent subsidy on fertiliser the cost to the Government over the plan period would be some N700m (£583m). But if the present level of subsidy continued it would cost some N1.43bn (£1.2bn) during the period of the Fourth Development Plan.

It recommends that the federal Government sbould build storage for 200,000 tonnes of fertiliser to be kept at four locations around the country. In addition, storage sbould be built for 150,000 tonnes near the ports.

Seeds: Five or six State Seed Corporations should be founded to help the existing National Seed Service which was launched in 1976. The necessary capital investment to produce enough improved seeds is estimated at N26m (£22m) with N60m (£50m) recurrent costs over five years.

Pest Control: There should be *standardisation of pesticides* and insecticides now in use and a law should be passed controlling them. There is very little domestic manufacture of pesticides and the Government should therefore assume responsibility for keeping adequate stocks, providing subsidised spraying equipment and other materials.

Mechanisation: The Government-owned Tractor Hiring Units should be phased ont and private sector involvement encouraged. Ox-drawn equipment, "intermediate and other appropriate technology" should be encouraged by starting a cost/risk sharing scheme between farmers and government.

Agricultural Credit: The commercial banks should be encouraged to extend their penetration of the rural market further with some strong support from the Government. The IBRD is now conducting a study on bow to improve the repayment rate on loans to the smallholder.

Crop storage: Federal Government should establish a strategic grain reserve of some 455,000 tonnes by 1985 and cold storage facilities for 171,000 tonnes of meat and poultry. The estimated cost would be N141m (£117m).

Irrigation: Concentration on small-scale irrigation with substantially more money to be spent on water lifting pumps, flood control and water management. Credit should be extended to the farmer for the purchase of the necessary equipment—estimated cost N100m (£83m).

Reform of Institutions: The Department of Agricultural Co-operatives should nndertake a big membership drive to boost the number of people it reaches from 10,000 to 2m by 1985. It should also expand training and develop a co-operative management programme together with the proposed Agricultural and Rural Management Training Institute at Ilorin.

The report also recommends reforms of the National Livestock Production Company, the end to expansion of the River Basin Development Authorities, the establishment of a Netionel Commission on Food and Agriculture and the setting up of agricultural research institutes.

Livestock: Tsetse fly eradication programmes sbould be stepped up and suitable vaccines should be made readily available. About 5m hectares of grazing pastures should also be set aside in co-operation with the state governments.

Fishing: Government should grant subsidies for fishery imports, invest in infrastructural improvements, and develop canal end riverine communications for marketing fish.

M.W.

Disarray over basic wage

Nigeria's industrial relations are in disarray. Industry and unions are concerned that the acrimony and tension generated by the dispute over a minimum wage should result in an agreement which will minimise friction in the future.

UNIONS

ABOUT 100 pregnant women sat forlornly on the steps of Nigeria's National Assembly in Lagos. They had come from all over town to protest at the lack of health care since nurses had all gone on strike nearly a week earlier. One woman had even given birth at the hospital gates with the help of relatives and passers-by, according to a newspaper report.

The strike by nurses, which forced thousands of people to go home for treatment, was typical of the chaos in Nigeria's industrial relations. According to the nurses' leaders, the strike could have been avoided if the employers had been more prepared to listen. When it was suspended after 11 days, the outcoma was inconclusive and the nurses were threatening to go on strike again.

The nurses' strike got more publicity than most of Nigeria's industrial actio. but labour unrest is a serious problem. In the first nine months of civilian rule from October 1979, there were 247 officially registered trade disputes involving 144,886 workers and resulting in the loss of more than 1m man-days. In addition, there were sporadic, short-lived wildcat strikes.

The Ministry of Employment, Labour and Productivity says the main causes of disputes were Christmas bonuses, transport and housing allowances, overtime payments and improved conditions of service. But behind them all, the Ministry admits, is a lack of dialogue between management and workers, the poor organisation of the national bodies representing both sides and the lack of a clear policy on handling industrial relations by the new Government.

Workers extending the Ogun State Hotel in Abeokuta: The new minimum wage of N100 a month is already stretching the budgets of all 19 states. The union's demands for a N300 wage are being resisted by private and public employers

Nowhere has the disarray in Nigeria's industrial relations been more apparent than in tha nagotiations over a national minimum wage. Both industry and unions are concerned that the acrimony and tension generated by the dispute over a minimum wage should result in a joint policy on how to avoid unnecessary friction in the future.

President Shehu Shagari's Government was committed to establish a national minimum wage under the Constitution and ha duly announced one in his April budget this year. But the announcement caused an immediate furore in the private sector which accused the Government of trying to dictate a wages policy without sufficient prior consultation.

The Government had to back down and make it clear that the new minimum wage would only apply to the public sector. It then hastily convened tripartite talks between unions, employers and Government to discuss what would be an appropriate minimum wage for the private sector and advise the Ministry of Employment, Labour and Productivity.

The private sector argued that the damage had already been done because of the Government's previous announcement of the public sector minimum. They complained that the outcome of the talks would be prejudiced, but nonetheless went along with the suggestion for fear that if nothing were happening there might be widespread labour unrest.

In the budget, the President had given the lowest paid civil servants a huge 41.8 per cent rise, bringing them up to the new minimum of N100 a month. But whereas in the past, the private sector had paid more, or at least equalled, Civil Service pay, they now said that not all industries could afford N100 minimum.

The tripartite body should by now have reported back to the Ministry of Labour on the different points of view. But the Government will find itself in an embarrassing position because the three sides are no nearer an agreement than when the talks were announced in April. The Nigerian Labour Congress is still demanding a N300 minimum wage while the employers are offering industry by industry negotiations which take into account fringe benefits paid to workers.

The turbulent state of industrial relations in Nigeria has a number of causes. Principally, wage employment in Nigeria is still in its infancy. The Government estimates that less than 10 per cent of the country's working population is engaged in wage employment and a substantial part of those who are, work in the public sector.

As a direct result of that, the trade union movement and the management side have never built up a sufficient amount of data, good enough communications or a satisfactory backup staff either to press their own claims or answer the other's queries.

Finding its feet

To make matters worse, the trade union movement is still trying to find its feet after the sweeping reform ordered by the military and carried out in 1978. The Trades Union decree slimmed the existing 1,000-odd unions down to 70 and created one central labour organisation—the Nigerian Labour Congress (NLC)—to replace the four organisations then in existence.

Most trade unionists accept that the reorganisation was necessary if there was ever to be national wage bargaining. But the NLC has found it difficult to establish its control over the many shop floor bargaining units and the stronger trade unions which have traditionally held the loyalty of the workers and for those in the regions for whom Lagos seems a very distant place.

The NLC claims that it is getting stronger. It says that

CONTINUED ON NEXT PAGE

Little boxes for the work-hungry

MAROKO

IT IS 5.37 in the morning and Maroko is already awake. A cock crows in the bare concrete passage outside a tiny room in which three people are sleeping. From somewhere nearby, a radio announces: "This is the Voice of America . . ."

Since Nigeria's oil boom hastened the flood of people heading for the cities to look for work, townships like Maroko have mushroomed. A suburb of Lagos, it is built on sand without running water, mains sewerage, electricity or paved roads.

Outside, in the pre-dawn streets, the first workers are making their way through the deep puddles to Lagos. They remove their shoes and sandals, roll up their trouser-legs and paddle gingerly through the water, which can be thigh-high when the rains are heavy.

Inside, where I have just spent the night, the daylight shows the damp stains on the pale-blue walls of the ten-foot by ten-foot dwelling and prods its three occupants into unwilling consciousness.

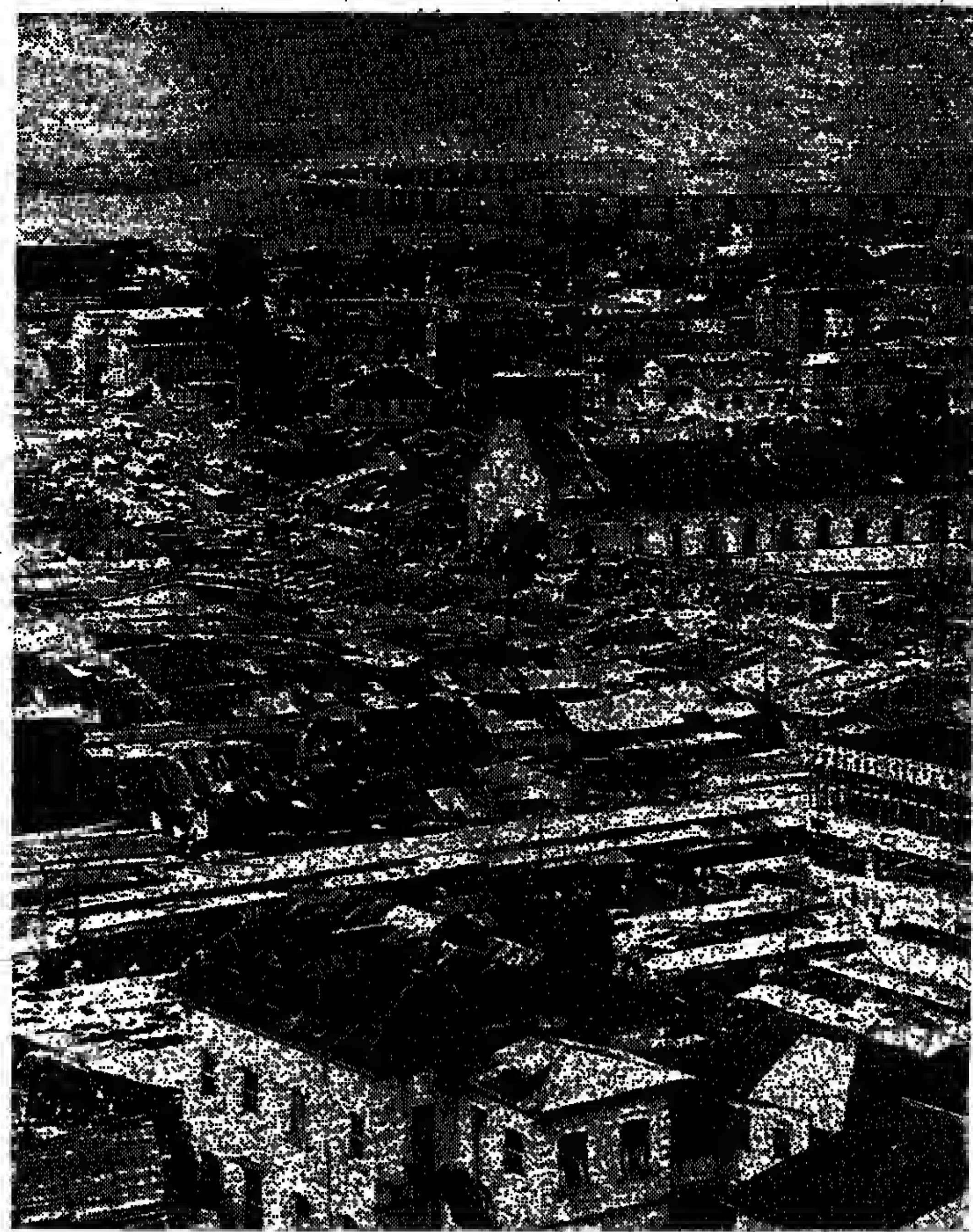
My two hosts have spent the night on the floor, allowing me to use the bed—the one article of furniture in the room. The previous evening we had dined together by the light of a kerosene lamp, dipping our fingers into the food and washing it down with warm beer.

Before bed, we had washed stark-naked from a pail of water in front of the house where a cool breeze blew in from the creek and the darkness mercifully hid us from passers by—well, some of us, anyway.

In the evening, darkness shrouds the squalor of the sprawling conurbation. But in the morning, the little concrete dwellings look sad and disordered, like so many shoe boxes after a clearance sale. No matter how lovingly the inhabitants sweep the floors or wash down the step, they still look tawdry.

Drinking water is brought in from Lagos and costs 10 kobos a bucket; brackish washing water comes from boreholes sunk by the landlords; the back garden serves as lavatory and dustbin; and privacy—what's privacy?

But it's difficult to characterise Maroko. It is easier to say what it is not. In the minds of many expatriates the place is synonymous with vice and crime. Definitely not, say the inhabitants.



From the old to the new: Looking over the old rooftops of Lagos towards the third bridge between Lagos Island and the mainland which is to open shortly

In stark contrast to the meanness, dirt and inhospitability of the environment in which they live, the people are generous, clean and overwhelmingly friendly. Despite the rigours of life in Maroko, it has seen little of the violent crime which plagues other Lagos suburbs.

My host, David, has a lifestyle which is typical of many people in the township, though he is much better-paid than most. A 34-year-old secretary, he has a take home pay of N442 (£348) a month while many people survive with only the minimum wage of N100 (£79).

His wife and two children will soon leave their village and join him in the one room dwelling for which he pays N10 (£7.90) a month. He lives in Maroko because his number one priority is education. He wants a good education for his children and hopes to pursue his own at university either in Britain or the United States.

Until his wife arrives, David has his brother living with him. At 28, the brother has been teaching for the past nine years and earns N278 (£218) a month. He pays N25 (£19.70) a month for a room he has just found elsewhere in Maroko and he saves N100 a month for his higher education.

They accept they are more fortunate than most because they have good jobs. If necessary they can afford the 40 kobos for a Landrover taxi which are the only vehicles able to function on Maroko's appalling sandy tracks which serve as roads. Most people have to walk.

Sometimes they can even afford a taxi home instead of joining the scrum which fights for a place on the bus in the evening. When they take a taxi out of Maroko the system is simple — three people get in one side and three people the other side and they all push until the strongest and the smallest sitting down.

"Struggle" is the word which keeps coming up in Maroko conversation. Everything in life is a struggle: and every day, residents have to reconcile the incongruity of leaving the township past the five-star Eko hotel which stands on the outskirts, and where one night's accommodation costs more than six months rent in Maroko.

M.W.

Second thoughts on basic wage

UNIONS

CONTINUED

with 3m members in the 42 affiliated unions it will inevitably take time to get through to the rank and file. But it has established a liaison office in each of the 19 states and its finances have been considerably improved through the introduction of a compulsory check off system for paying union dues which, in theory at least, will give them 10 per cent of all membership payments.

However, some of the stronger unions are still a long way from recognising the supremacy of the NLC as the bargaining unit. The powerful Dock Workers' Union recently launched a broadside at the NLC, accusing them of being weak and self seeking—charges which the NLC naturally strongly denies.

At the same time, despite its claim to have the loyalty of its members, the NLC has been unable to stop the rash of wild-cat strikes which plague Nigerian industry and its record of achievements in past negotiations with the Government has not been impressive, observers agree.

The NLC tries hard to retain its political independence, according to its President, Alhaji Hassan Sunmonu, and is not aligned with any political party. But he also made it clear that even before President Shehu Shagari came to power last October he had visited him and said that "we would do our best to co-operate." Since then, he said, relations between the NLC and State House had been "cordial."

It is certainly true that under the military, the NLC proved extremely flexible in its demands. Last year, when the Congress gave the military a 22 day ultimatum to fulfil a five point charter of demands, the deadline passed without the threatened national strike. The agreement signed with the military, although hailed by the NLC as a victory, gave it only very small gains.

But the fact that the Congress has proved flexible in the past may make it all the more difficult for it to bend on the issue of the minimum wage. Industrialists say that if the NLC does not come away with some substantial gains from the present round of talks, it will be very hard for it ever to establish its credibility in the eyes of the rank and file.

However, Alhaji Sunmonu has already indicated a compromise to the Government by saying that there are other demands by the workers which are as important as the minimum wage.

The NLC's full claim is contained in the so-called Workers' Charter of Demands which was published earlier this year. As well as the N300 minimum wage, the charter contains the following main points:

- N40 minimum rent subsidy
- Full basic and vehicle allowances
- Free medical care
- N720 minimum annual pension (N360 at present)
- General review of salaries and fringe benefits
- Improved urban housing
- Greater industrial democracy
- The abrogation of "punitive and restrictive decrees" covering labour law
- End of the system of daily pay in public and private sector

The charter also outlines the broader political aims of the union movement by saying that it seeks changes in the "laissez faire formula of development through profit and competition" saying that it "has created growing and unacceptable inequalities."

The charter criticised the indigenisation decrees for having "concentrated more wealth in the hands of a few Nigerians . . . there is only a change of ownership of wealth from expatriate exploiters to their Nigerian counterparts." It rounds off by saying that it wants the "liberation of the workers and the broad masses from conditions of exploitation, misery and poverty."

The employers' answer to the unions' jargon and demands has been to carry on industry-by-industry negotiations with the individual unions concerned. A number of industrial unions have reached agreements close to the N100 or above it, including the shops and distributive trade; metal products; iron and steel; food, beverages and tobacco; insurance and banking.

But other industries warn that it might mean lay-offs if they are forced to pay the N100 minimum. Agriculture would be particularly badly hit. Plantation workers recently agreed a new daily rate of N3.25 which, on the basis of a working month would give the workers N81.

In addition, the plantation employers argue that they pay a considerable sum in fringe benefits which the unions refuse to consider in calculating the minimum wage. In most industries workers receive travel allowances of at least N10 a month and a rent allowance upwards of N20, says the employers.

Even though no one actually knows how many workers would be affected by a N100 minimum wage and how much it would affect the economy, the unions' demands were dismissed by one Nigerian entrepreneur as "highly inflationary and totally out of touch with today's economy realities."

The NLC replies that it cannot let workers' real wages continue to be eroded in real terms. The military Government operated three years of wage restraint during which some workers were able to increase their earnings through merit rises, promotion or changing jobs. But the Congress says that the lowest paid ended up substantially worse off.

But it agrees that what it does not want is another across the board increase such as the one the Government ordered in 1975. The money was quickly swallowed up by the resultant inflation and the workers ended up worse off. The NLC wants any further wage agreements to be more discreet.

"The trouble is that stallholders put up their prices as soon as they hear that a wage increase is on the way and they are the only ones who make any money out of it," said a union official.

For the future, all sides in industry hope that the Government will establish proper machinery for settling problems as they come along—or prevent them from arising.

M.W.

Shortage of skills in all sections of economy

MANPOWER

"THE DEARTH of statistical data is one of the basic constraints to manpower planning in this country. It has been difficult to build np the necessary manpowar data mainly because of the apathy of the establishments and institutions which are required to supply the data."

This bald statement from the guidelines of the Fourth National Development Plan underlines tha immense difficulties Nigeria will face as it battles against the shortage of indigeneous skilled manpower. "Since the early 70s shortage of manpower has constituted a serious constraint to our national development," say the guidelines.

That shortage runs throughont the economy, from artisans to scientists, according to the "Study of Nigeria's Manpower Requirments 1977." The study shows that the public sector is much worse off than private enterprise in all skills hut there is a yawning gap for both.

Black Africa's most populons country has found that even with the help of such ambitious schemes as universal primary education, whose first products will reach the labour market in 1983, there is little hope of satisfying the demand for skilled labour, especially for technical work.

At the same time, while Nigeria complains that it is losing substantial numbers of skilled personnel to the industrialised world many thousands of trained people are arriving from other African and Asian conntries to cash in on Nigeria's oil boom.

No figures exist to show how many foreigners are working in Nigeria. But it is well known that thousands of Ghanaians, Filippinos and Pakistanis work in the educational service; many Europeans and North Americans work as technicians and managers in industry and workers come every year from Niger, Upper Volta and Benin to find jobs in agriculture.

The guidelines to the next plan, which comes into force on January 1 next year, propose a number of ways of overcoming the manpower prohlems while implicitly rejecting the idea of taking on more expatriate help. The guidelines say that: "Some firms have . . . tended to acquire expatriate quotas in excess of their true requirements and therehy deny Nigerian workers the opportunity of upgrading their skills and experience."

Rules too tight

Companies operating in Nigeria understandably disagree, maintaining that the rules for ohtaining expatriate help are already too tight. They argue that the only way to overcome the short-term problem of manpower is to increase the number of expatriates working in this country.

Tha guidelines propose instead that there should be a hig locrease in the quantity and quallty of technical edncation along with an improved flow of information about job prospects and career development. The intention is both to increase the number of trained people available hut also to spread them more evenly through all sectors of the economy.

The guidelines say priority will be given to those areas where the manpower shortage is most acute and list doctors and other medical personnel, architects, engineers and surveyors; technicians and all types of artisans and craftsmen; agricultural manpower; and teaching staff, especially science and mathematics teachers.

The guidelines say teacher training will ha rapidly increased; colleges of technology and polytechnics will concentrate more on technical subjects; the practical content of the courses will be increased the Industrial Training Fund will step up its training programmes and qualified Nigerians abroad will be encouraged to return.

The response from private and public aector to tha guidelines is that they are too vague to offer any real hope for an improvemant in the near future. Officials conceda that prospects for the immedlate future remain hleak but as one Nigerian businessman said: "If yon carry on using the outside world as a prop you will never learn to stand on your own two feet."

M.W.

THEN AND NOW: HOW THE CENTRE OF LAGOS HAS CHANGED IN A QUARTER OF A CENTURY

Bustling Tinubu Square as it was 25 years ago and (right) as it is today. The Supreme Court building in the centre has gone, but parts of the old square survive

How the law deals with trade union disputes

TRADE UNIONS: The Trade Unions (Amendment) Decree 1978 lists 70 registered and recognised trade unions in place of the 1,000 odd which previously existed. It also names the Nigerian Labour Congress as the sole central labour organisation in place of the four then in existence.

The decree obliges companies to recognise legal trade unions. Employers must dedoct trade union dnes directly from the pay packet for recognised unions. There is a conscience clause for workers who do not wish to belong to a nnion.

DISPUTES PROCEDURE: The Trade Disputes Decree 1976 lays down the following procedures for resolving a dispnte. Lockonts and strikes are forhldden while the procedure is being followed.

1—Employer and worker mnst hold joint talks.

2—If that fails then within seven days a mediator must be appointed by common agreement of the parties. If there is no agreement within 14 days the matter is referred in writing to the Minister of Employment, Labour and Prodnctivity.

3—The Minister then appoints a concillator who has a further 14 days to reach agreement.

4—If that fails, the matter is referred to an Industrial Arbitration Panel which must make an award within 42 days, or longer if tha Minister sees fit.

5—If alther side does not agree with the verdict, the case goes to the National Industrial Court, whose ruling is final.

The Minister is also entitled to set up a Board of Inquiry into any dispute.

REDUNDANCY: The Labour Decree 1974 says that the employer must inform the trade union or unions involved who shall negotiate the terms of any redundancy. Those made redundant shall be on a "last in, first ont" basis hut that shall be "subject to factors of relative merit such as skill, ability, reliability."

The Minister may make regulations governing the terms of redundancy for other specifi or general cases.

RECRUITMENT: The Labour Law 1974 lays down a requirement that any recruiter or employer of labour should hold either a Recruiters' Licence or an Employers' permit from the Ministry of Employment, Labour and Productivity hefore engaging anyone to work inside or outside Nigeria.

The law also covers the employment of women, apprentices and young people.

HOUSING: The Employees Housing Schemes (Special Provisions) Decree 1979 obliges all employers with more than 500 workers to provide housing as near to the place of work as possible for a cross section of employees. The deadline for complying with the decree has passed and the Government is reviewing its instructions.

PRICES AND INCOMES: The Prodnctivity, Prices and Incomes Board Decree 1977 establishes four bodies to monitor pay and prices; (a) the Public Service Pay Research Unit; (h) the Incomes Analysis Unit; (c) the Wages and Prodnctivity Unit and (d) the Price Intelligence Unit.

M.W.

Vigorous policy of free schooling is not without critics

FROM A distance, it looked more like a cowshed than a classroom. The long, single-storey building with its corrugated iron roof was divided into seven rooms by thin wooden partitions. The only furniture was a blackboard. Yet from September 8 this year, those rooms have housed hundreds of children starting school in Lagos state.

Similar classrooms have mushroomed throughout Lagos atate and in the other four states controlled by the Unity Party of Nigeria—Oyo, Ondo, Ogun and Bendel. Since the Unity Party came to power in the five states last October, it has vigorously pursued its electoral promise to provide free education for all the children aged six to 18 in the states.

Although even the Unity Party's critics have been impressed by the speed with which it has put its promises into action, educationists are extremely concerned at the minimal planning which went into the execution of the scheme. They point out that the state governments have little finance available, and only the vaguest idea about how many children are affected and where they will find sufficient teachers and equipment.

The fear in education circles is that schooling has become little more than a political football to be kicked between the Unity Party, which is moving ahead at full speed, and the federal Government, which is moving very cautiously. Education officials in the Unity Party states admit openly they would not have moved ahead so fast if they had not been under so much pressure from the politicians.

As an example of political interference in the educational system, they cite the recent attemnts by Alhaji Lateef Jakande, Governor of Lagos state, to ban private schools in Lagos. He justified the move by saying that private schools were elitist and against his socialist principles. But his detractors said he simply wanted to penalise the rich Nigerians and expatriates who sent their children to private schools. A lengthy legal battle ensued which Governor Jakande has so far lost.

Educationists say that so much energy is being wasted on the political issues that there is no attempt to tackle the fundamental problems facing education throughout Nigeria. Those problems revolve round three questions: can every part of the federation be offered the same educational opportunities; what quality of education is on offer; and what openings will there be for the children once they complete their education?

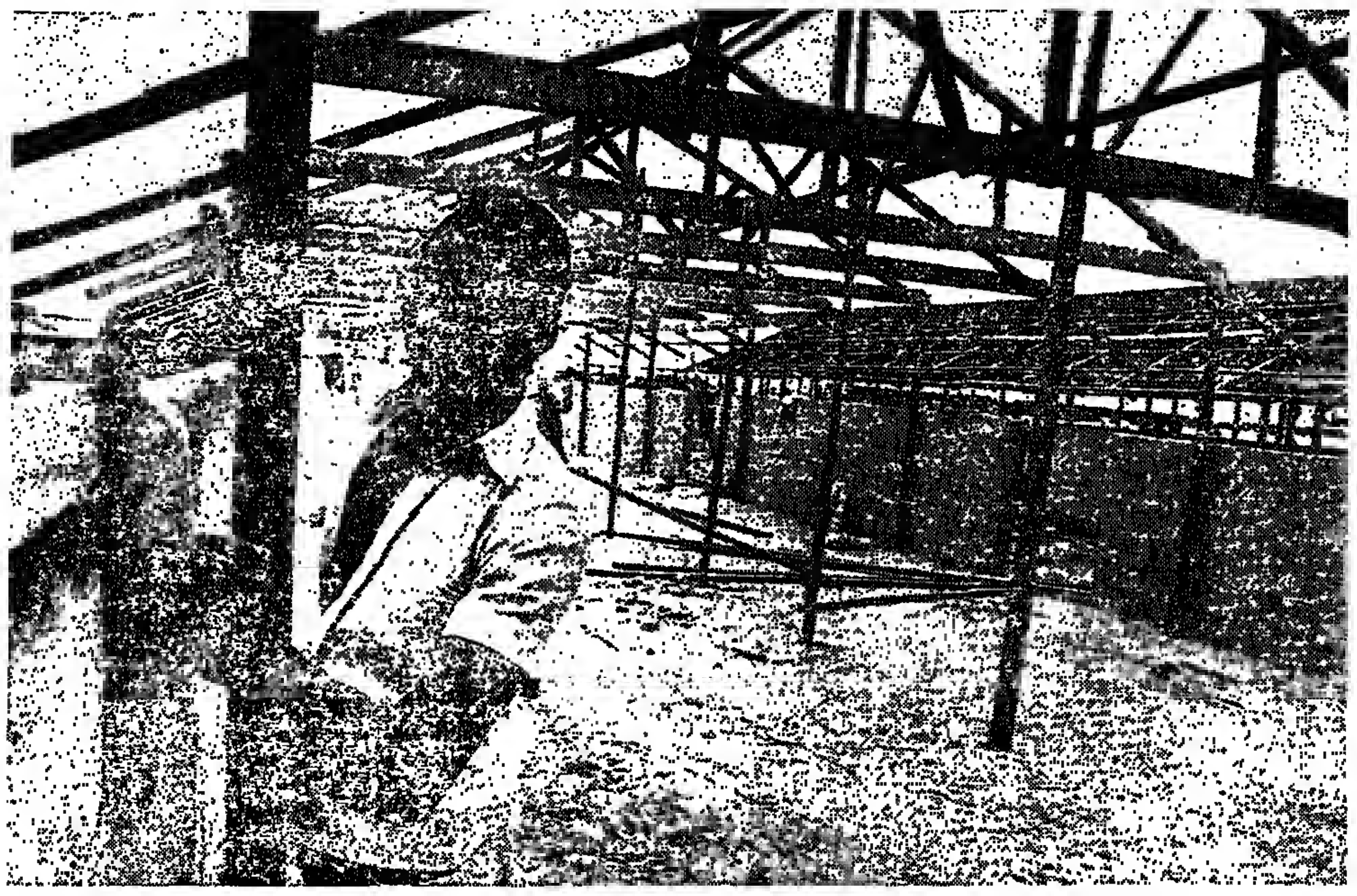
It was with the first problem in mind that the then-military Government launched its Universal Primary Education (UPE) scheme in 1977. Nigeria had long suffered a grave imbalance between the levels of education in the north and in the south of the country. In one of the northern states, school attendance was only 7 per cent before the UPE scheme was launched.

The UPE scheme was probably the most ambitious ever attempted in black Africa but it ran into immediate problems because of poor planning and preparatioo. The state began a crash teacher-training course and built hundreds of classrooms. But when enrolment day came, some 3m children turned up instead of the 2.6m who had been expected.

The resultant chaos has never been overcome. Millions of children still enrol every year for UPE and many still have their lessons under trees or in borrowed rooms. Although statistics on education are notoriously unreliable, the Ministry of Education says that a further 2.6m children enrolled for the academic year 1978-79, bringing the total primary school population to 11.2m.

The following year another 2.7m children enrolled for the first year, bringing primary school totals to 12.5m children. Yet despite the substantial increase in demand only 500 more schools were built during the same period. With the huge increase expected in the Unity Party states, educationists shudder to think how the classrooms can cope.

The same is true of teachers. Even before the start of UPE as many as 90 per cent of the teachers in the northern state of Kano were uncertificated. In the southern state of Anambra, the figure was 60 per cent. But despite the fact that the 260 teacher training colleges had a total enrolment last year of nearly 250,000, the growth in demand for teachers has meant that, if anything, the number of unqualified teachers has grown.



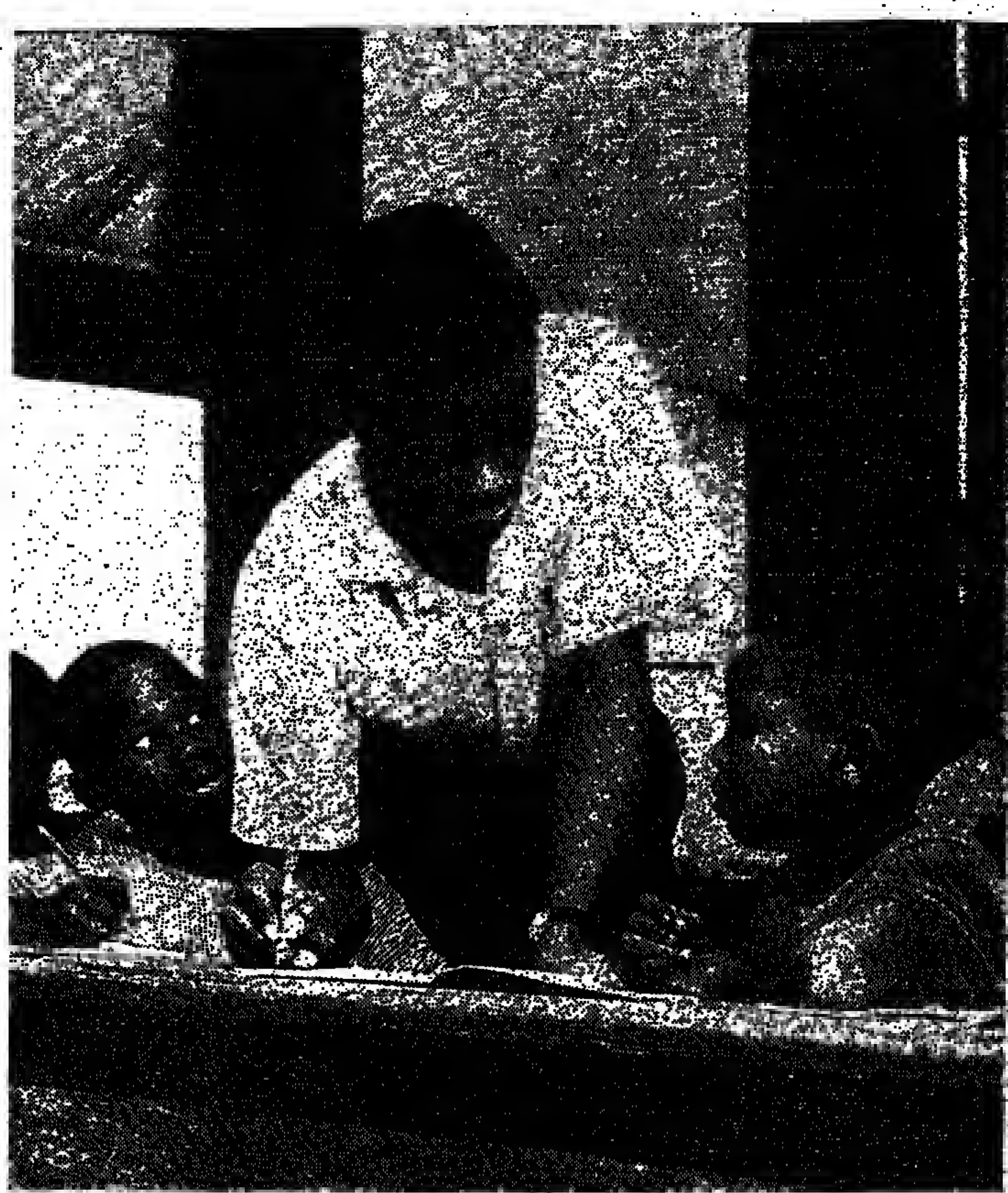
A new school under construction on Victoria Island, Lagos. Lagos is one of the five states controlled by the Unity Party of Nigeria (UPN) which has introduced free education through to university level

Concern

Overcrowding in the classrooms, the lack of facilities and the low level of teaching staff all raise fears about the standard of ednc ation the children are receiving. Not until 1983, when the first children have completed the full span of a UPE ednc ation, will the shortcomings become obvious, educationists say. But in the meantime, there are plenty of grounds for concern.

The overwhelming qnestion which the federal Government has not yet answered is what is to become of the millions of educated young Nigerians once they leave the UPE scheme. The five Unity Party states feel they have found the answer by offering free education to the age of 18. But educationists reply that such a move will only put off the problems for a few more years and could have incalculable socio-economic effects on a society which still denends heavily on young labour.

The federal Government is still considering the Blueprint for Education, which was produced jointly by Nigerian and UNESCO experts and which advocates a scheme of junior and senior high schools, each with a three-year span. But although the plan has been under consideration by the Government for more than a year, the Implementation Committee which would put it into effect is still in abeyance.



A trained primary school teacher gives personal attention to a pupil. But the rapid extension of free primary education has meant that the number of unqualified teachers has grown

Given the amount of preparatory work which will be necessary if the extension of the secondary system is not to run into the same constraints as UPE most educationists feel it would be necessary to get something under way as soon as possible. As it stands, secondary education remains the poor relation of the educational system. In the 1979-80 academic year, only 1.6m children were enrolled in secondary schools.

The only moves the Government has made so far have been to say it favours an expansion of technical education and a change in the system of the Joint Admissions Matriculations Board, which controls admissions to institutes of higher education.

From now on, admissions to Advanced Teachers' Colleges and to Colleges of Education will be 20 per cent on merit and the rest "to reflect the ethnic balance of the country." Federal schools of arts and science and technical institutions will admit 20 per cent on merit, 50 per cent to reflect the federal character and 30 per cent from the college catchment area.

M.W.

IMF tortoise in a fast changing world

Our correspondents at the annual meeting of the IMF, JUREK MARTIN, PETER RIDDELL and NICHOLAS COLCHESTER review the problems of adaptation faced by the organisation

GIVEN THE choice between the tortoise and the hare, the International Monetary Fund would always take the slower, safer beast.

It likes to think of itself as an institution in a permanent state of cautious evolution, not revolution, alive to, but not ruled by, the transient moods of the moment. It serves, but does not like to lead because it knows it must take that lead from its masters, the 140 nations which comprise its membership.

Rarely, if ever, before has the IMF been so torn between the conflicting viewpoints of its membership — the haves and the have-nots, the old money and the new.

Whatever there is of inherent and traditional interest at this week's annual meeting — the re-emergence of the People's Republic of China, the leadership succession at the sister organisation, the World Bank, the highly technical mechanisms of lending and borrowing — is dwarfed by this competition. The political question of the admission of the Palestinian Liberation Organisation to some kind of official status is, in effect, symbolic of these cross currents.

The traditional hierarchy of the IMF is partly hamstrung by the fact that there is no immediate and overwhelming economic crisis of the kind in which it would normally involve itself. There is no currency unrest today requiring a co-ordinated cure. Hostilities in the Gulf permitting, there is equanimity that the relationships between the major currencies — the dollar, Deutsche Mark, yen, and sterling — is about right. And there is no developed economy conspicuously on the ropes and in need of the IMF's special blend of discipline and assistance.

There is, of course, concern about recession and inflation in the industrialised bloc, but little new to say about either and consolation to be taken from the obvious better external balance that now prevails. In any case, some of the leading nations (the U.S., West Germany, France, Italy, and Australia) are pre-occupied with elections or internal political problems.

Given these conditions, it almost appears that the Western nations have no excuse for not addressing themselves to the pre-eminent problem of helping the poorer countries to adjust to the second large increase in the price of energy in a decade, and to forging an expanded role for the IMF in this process. Yet the resistance to change is very evident.

As the Group of Ten Finance Ministers put it in their weekend communique: "The basic character of fund lending should be preserved," as should the respective characters of both the IMF and the World Bank. This was a bald statement confirming the impasse that still persists between North and South on resource transfers, symbolised by the former's resistance on the PLO question, by its blocking last week in New York of proposals to make the IMF and Bank subject to more direct UN jurisdiction.

Understandably, the IMF and the World Bank are institutions conditioned by experience. The first oil shock in 1973 affected them less than might have appeared likely at the outset. As the chart shows, it led in time to a $13bn surge in IMF financing, a lot of it through the "oil facility" established in response to the price rise.

But the bulk of this lending was to the developed nations and it did not amount to much beside the annual current account deficits of $30-50bn the developing countries were running in the mid-1970s. The gap, of course, was principally filled by the international commercial banks, revelling in a gigantic and untapped new source of business.

This time, the oil surpluses and oil deficits appear more intractable. The enthusiasm of the banks has waned, so the finger inevitably points at the two Washington-based organisations, even though neither was really established in their original form to come up with answers to today's problems.

In the early days of the fixed exchange rate system, the IMF evolved as a sort of co-operative. Countries pooled their quotas of currencies in an institution which could lend to them temporarily, and on undertakings of self-discipline, to tide them over balance of payments and exchange rate difficulties. This would avoid the need for disruptive action: but it was assumed that external accounts would balance in the long run. The IMF's structure was, and is, ill-equipped to deal with a situation where some of its members are persistent contributors and some persistently in hock.

The World Bank was conceived not to fund balance of payments difficulties but to provide developing countries with finance (and expertise) for long-term capital projects. The second oil shock has posed both institutions with a common problem which threatens to bend the principles of both and to lead each on to the territory of the other.

The IMF is faced with long-term balance of payments problems to which there are no quick solutions which do not involve abject misery to the poorest countries: the Bank now finds that the curing of energy-related long-term deficits is the most vital kind of "project" it can finance in Third World countries. It is little wonder that the niceties of the old distinctions between the two are getting blurred and that IMF officials can be heard muttering darkly about being "taken over" by the Bank.

Over the past decade, the IMF has established a number of new facilities and procedures to provide countries with loans for longer periods with fewer questions asked. But over the last year, pressure for more rapid and radical change has intensified. It has been embodied in the demands of the Group of Twenty Four, representing more than 100 developing countries. Their shopping list, presented at both last year's annual meeting in Belgrade and at the policy-making Interim committee session in Hamburg this April, has so far not been met, but the countries this week are looking for more solid results.

Their demands include:

- An increased allocation of Special Drawing Rights, the IMF's own currency, which should be according to need rather than quota, thus using the SDR as a form of aid.
- A fresh look at the way in which IMF quotas are determined so as to increase the Third World's share of the IMF Co-operative from about one-third to almost one-half.
- A medium-term balance of payments facility to lend longer-term money on minimal conditions.
- A general boosting of amounts, lengthening of maturities and easing of conditions on IMF credits and World Bank Loans.
- A subsidy account to reduce the interest cost for poor countries borrowing from the IMF.

This week's annual meetings of the IMF and World Bank will unveil or ratify measures which only go some of the way to meeting these demands. It will be confirmed that IMF members can borrow twice their quota each year up to a total of six times quota, compared with a present general limit of four to five times quota (the precedent for this was set in the loan to Turkey earlier this year). Such borrowing will still involve conditions but these will be somewhat less onerous, as has already been evident in the lengthening of the IMF's adjustment programmes.

The Fund's strategy is to increase the volume of cash available through existing channels, and to lend for longer periods, rather than to introduce new loan facilities. This is apart from the modestly-sized new "food" facility which is designed to help poor countries build up stocks of imported food.

The IMF has also been looking at the other side of its balance sheet — the ways in which it raises money. Mr. Jacques de Larosiere, the managing director, hoped to have made large strides by now in this area. During the summer, he made good progress in persuading the surplus countries to commit themselves to lend SDRs 5-7bn to the fund on commercial terms over the next two years. The dispute over the PLO has stalled these efforts for the time being, but if this can be resolved, he will be given a broad mandate to continue these negotiations.

There is no immediate cash crisis and current resources should last until the middle of next year. But faced with the current political problems over directly tapping OPEC, the limelight has switched to proposals that would allow the IMF to borrow in its own name on the international capital markets.

This idea so far amounts to little more than a contingency plan and a number of the major industrialised countries are distinctly cool, largely because of the multitude of practical and legal difficulties involved.

The majority of participants at the Group of Ten meeting on Saturday argued that such direct fund raising, which the World Bank has employed for years, should only occur when there is an extreme need and when the traditional means of quota financing and borrowing from surplus countries are patently inadequate.

Whatever demands are on the table, the impetus for change, as conceived by the Western nations, is not great. From the point of view of the IMF as an institution, this may be just as well for it is not at present well-equipped to ride the whirlwind of revolution.

It is itself going through a generation-changing transformation, with the retirement of so many of the old guard who have been in since the Bretton Woods foundation 35 years ago and with a managing director, Mr. de Larosiere, still trying to establish himself and to emerge from the shadow of a powerful predecessor, Dr. Johannes Witteveen.

The informed jury is still out on Mr. de Larosiere. In his defence it is said that he has been unlucky in being saddled with side issues, the IMF staff's bruising salary dispute, for example, quite apart from the PLO question.

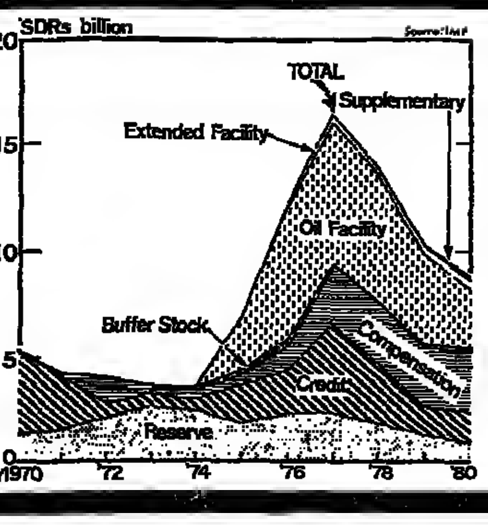
Against him, it is said that he lacks political nous, that he has not shown he knows when to run with an issue and when to let it drop. Certainly, he continued to push the substitution account long after the industrialised countries lost interest.

It does not help that he has a prickly personality ("too damn French," as one insider put it) and perhaps too obvious a desire to put his imprint on the organisation.

But it is unwise to ascribe too much significance, outside the internal firmament of the IMF, to the managing director. Real control still resides elsewhere.

The traditional rulers, the Western Nations, are as unpersuaded by the need for radical change as the developing nations are convinced of its desirability. Although the IMF may end up by missing a golden opportunity to play a direct and decisive role on the international economic scene, the probability is that it will continue to move slowly forward, consoling itself in the knowledge that, in the fable, the tortoise won in the end.

USE OF FUND'S RESOURCES



1. Reserve tranche: the basic quantity of SDRs, drawable automatically.
2. Credit tranche: next stage in drawing, carrying mounting conditionality according to amount drawn.
3. Compensatory finance facility: additional drawing where a nation faces sharp short-term loss in export earnings: mild conditionality.
4. Buffer stock: little used, commodity-related facility.
5. Oil facility: finance available for balance of payments difficulties resulting from increased oil prices. Requires general commitment to co-operate with IMF.
6. Extend fund facility: longer-term financing for structural balance of payments problems. Must meet IMF criteria.
6. Supplementary (Witteveen) facility: boost credit tranche financing for severe payments problems.

Letters to the Editor

Government borrowing

From Mr. John Forsyth

Sir,—Michael Posner in his letter of September 18 has, with his usual acuteness, focused on the central issue of the debate between those taking a conventional view of fiscal policy who include most of those barely reconstructed Keynesians now in the monetarist camp, and those of us taking a more radical view.

It is common ground that to achieve a capital outflow it is necessary to induce a net financial surplus in the domestic sectors. The radical view is that government can best achieve this by a reduction in its own financial deficit as a move into larger financial surplus in the private sector would be deflationary. The conventional view as expressed by Michael Posner is that an increase in the public sector's deficit would be more than compensated by a strengthening of the private sector's financial position, the mechanism for this being a rise in the level of demand and activity.

However, Sir, as your editorial of September 16 noted, the present recession has developed precisely because the usual relationship between demand and activity has broken down. Output in the internationally traded sector began to fall while domestic demand was expanding briskly, but eventually the cumulative effect of declining output on incomes and employment has led to some weakening in demand. The engine for recession has not been weakness of demand/excess private sector saving but rather a rise in the exchange rate, related to a rise in oil production unmatched by a shift in the capital account. To try to counter this by higher government borrowing in present circumstances is futile as the associated strengthening in the exchange rate prevents the increase in demand feeding through to output so that the multiplier will not operate in the usual way.

Moreover, the idea that government borrowing is necessary to absorb excess private savings is not self evident at a time when government policy is to use high interest rates to restrain private sector borrowing. The concept of a liquidity trap depended on the existence of low nominal interest rates, and, as the doormen at Threadneedle Street can testify, there is no liquidity trap at current interest rate levels. Borrowing at 13-14 per cent to finance the increase in public sector wages is a far cry from the loan financed public investment advocated by Keynes in the Thirties.

John Forsyth.
23, Great Winchester Street, EC2.

Tax and marriage

From the Director, Child Poverty Action Group

Sir,—At the risk of over-extending the very interesting correspondence on tax and marriage, may I make one further point in response to the letter from Ms V. R. Housden (September 19)? I would agree wholeheartedly with Ms Housden that it is the extra tax relief given to married men, irrespective of whether their wives are in employment, which should be abolished and not the wife's earned income relief. However, I do not agree with her proposal that where one partner stays at home, she or he should be able to transfer the unused tax allowance to the working partner, because I do not believe that this would be making the best use of the resources that would be released by the abolition of the married man's allowance.

Where one partner (usually still the woman) stays at home because she has the care of children or other dependent relatives, would it not be better to channel support directly to her in the form of a cash benefit rather than to her husband in the form of extra tax relief? The married man's tax allowance currently costs the community £3,000 million. This money could be used to increase significantly child benefit and also to extend to married women the right to claim the invalid care allowance for those who stay at home to care for disabled relatives. I believe that a redistribution of resources to those with family responsibilities should take priority over a system of transferable tax allowances which would help one-earner families without any such responsibilities. I recognised that this could cause problems for families where the wife has been caring for children who are now grown up if she is unable to get back into the labour market. But this is a diminishing problem as the economic activity rates of older women have risen markedly and it could perhaps be alleviated by some kind of transitional arrangements.

Ruth Lister.
1 Macklin Sreet, WC2.

Investment in Arabia

From Mr. Abdul Aziz Al Dukhail

Sir,—We should like to take the opportunity to respond to some of the statements attributed or relating to ourselves made in the article which appeared in the Management Page (September 5).

1—It was stated in the article, written by Mr. James Buxton, on September 5, that Mr. Abdul Rahman Al-Sai is to remain the Director General of The Arab Investment Company SAA (TAIC) until October of this year.

Mr. Al-Sai was also described as the Director General in the article on September 8.

These statements are not true. Mr. Al-Sai ceased to be Director General on July 10, 1980, and since that date has had no association with the company in any capacity whatsoever.

2—TAIC started its operations in 1974 and not in 1975 as stated.

3—The participation of TAIC in the Kenana Sugar Company amounted to around 20 per cent of our shareholders' equity of U.S.$330m as at December 31, 1979. The figure of U.S.$300m mentioned represents the authorised capital and not the equity and loan investments portfolio.

4—The growth of the company under Mr. Ebrahim Al-Ebrahim was definitely rapid but far from haphazard. The portfolio which Mr. Al-Sai inherited was balanced in terms of economic sectors and geographic locations, and reflected the fact that the investment criteria of a company such as TAIC are not purely profit-orientated but also take into account the development needs of the Arab World.

5—It is worth noting that the two projects which are mentioned as examples of success, namely, Asment de Tamara, and Ciamil, were both initiated before Mr. Al-Sai joined TAIC.

6—As a general point, the implication that investment in the majority of Arab States is made extremely difficult by the interference or inefficiencies of Government is a gross generalisation and over-simplistic.

Our present portfolio, for example, includes successful equity investments in nine Arab countries.

The Arab World, despite a common language, religion, and history, is none the less a diverse and complex region which does not easily adapt itself to convenient categorisations such as "Left" or "Right," "Capitalistic" or "Socialistic." Moreover, over the past 15 years or so, the area has experienced an unprecedented rate of growth and change, and it is natural that such rapid growth brings with it particular problems and difficulties. It is naive to believe that any company or individual can offer quick and easy answers by the superimposition of a Western business or political philosophy, particularly if no account is taken of the underlying social, cultural, political, and economic realities.

7—In conclusion, it is generally accepted that it is a characteristic of a good manager in any sphere of activity that he is able to recognise the particular problems of the area in which he operates, and to be able to deal with such problems, without frustration, by a creative and flexible utilisation of whatever tools or techniques he has at his command, be they occidental or oriental.

What is vital is that the use of the tools of management must be in harmony with the environment in order that one's long-term objectives are achieved and not obstructed.

In our view it is undoubted that there are a great many highly successful and enterprising business and banking organisations in the Arab World, with managers possessing these characteristics who have demonstrated that with the proper application of these skills such organisations can operate extremely effectively.

Abdul Aziz Al-Dukhail.
The Arab Investment Company SAA, Riyadh.

Citizens' band

From Mr. James M. Bryant

Sir,—In your "Weekend Brief" (September 20) you suggest that whatever system of Citizens' Band or "Open Channel" Radio the Government produces the present illegal users of 27 MHz (who your correspondent estimates to number 100,000 — a more realistic figure, based on sales of antennas, is 250,000 plus) will not go away.

If we get the proposed 928 MHz system, with equipment costs of over £300 per set and ranges of under one mile, then you are undoubtedly correct. There is still time, however, to introduce CB at a lower VHF frequency such as 41 MHz (shortly to be abandoned by 405 line television) or 228 MHz (last used by Lancaster bombers in 1944). These frequencies offer such improved performance over 27 MHz that they would probably seduce users from that band within 18 months or so of a service being started. If the Government continues to delay until the number of illegal users exceeds 1m, which this Association estimates will take less than a year, there will be no chance of introducing such a VHF service and, like Australia and South Africa before us, we shall be forced by illegal pressure to adopt the tired old 27 MHz system which, while no doubt excellent when first introduced over 20 years ago, is not the best system for a short-range personal radio service.

James M. Bryant.
President,
Citizens Band Association.
16, Church Road, St. Marks, Cheltenham.

Take to the lifeboat

From the National Officer, Association of Scientific Technical and Managerial Staffs

Sir,—Men and Matters reports Sir Alex Jarratt as telling the Institute of Directors that: "You don't have democracy in a lifeboat."

Could it be that the reason the lifeboat was in use was because the crew had decided to get rid of the more incompetent and authoritarian officers?

Tim Webb.
10-26a Jamestown Road, NW1.

Lenders and borrowers

From Mr. R. C. Marshall

Sir,—Mr. Townsend asks (September 25) why building societies do not espouse index-linked lending and borrowing. In my opinion no existing building society can afford to rock the movement's boat by offering real returns to investors and making low real charges to borrowers (as opposed to high cash flow demands).

For several historic reasons the societies are on a knife edge and inhibited from trying innovations which might endanger their traditional mode of business. One reason they cannot charge a real rate of interest is because they insist on capital repayments even when inflation is already reducing the loan more effectively than any programme of repayment can achieve.

Why therefore not start a new Real Return Building Society? (Or should we call it a Zero Interest Rate Building Society to make it appeal to borrowers?) Even under the present legislation I don't believe the tax problems are insurmountable, but in my view index-linking is not the only answer to the major distortion caused by inflation. I believe we may see a competitive alternative to the building societies soon emerging which would be more beneficial to both borrowers and lenders.

R. C. Marshall.
25, Daneswood Close, Weybridge, Surrey.

Today's Events

GENERAL

UK: Labour Party conference opens, Blackpool (until October 3).

United International des Syndicats de Police Congress opens, Brighton (until October 1).

West Yorkshire Metropolitan Police launch anti-burglary campaign, Wakefield.

Election of Lord Mayor of London, Guildhall.

English Tourist Board publishes "Let's Go" (list of hotels offering off-season breaks).

British International Footwear Fair, Olympia (until October 1).

Trade with Zimbabwe conference, Building Centre, WC1.

Overseas: Lord Carrington, Foreign Minister, attends Anglo-Japanese consultative meeting in Tokyo (until October 2).

Two-day meeting of Association of South East Asian Nations' Energy Ministers to discuss development of renewable alternative energy sources, Indonesia.

Mr. Gaston Thorn, Luxembourg's Foreign Minister, visits Israel to meet West Bank Palestinian mayors.

Common Market Fisheries *Ministers meet in Brussels.*

Six North Atlantic Treaty Organisation countries, including UK, start major land, sea, and air exercise in Mediterranean area (until October 14).

Mr. Sanjiva Reddy, President of India, starts state visit to the Soviet Union (until October 3).

COMPANY MEETINGS

See *Financial Diary* on page 17.

COMPANY RESULTS

Final dividends: Adwest Group. Capseals. Cope Allman International. Parker Knoll. Interim ... dividends: Currys. Energy Services and Electronics. Metalrax (Holdings). Owen Owen. Supra Group. C. and W. Walker Holdings. Interim figures: Arrow Chemicals Holdings. Frank G. Gates.

LUNCHTIME MUSIC, London

Organ recital by Margaret Phillips, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Organ recital by Jonathan Rennert, St. Michael's, Cornhill, 1.00 pm.

Singers' Workshop, St. Mary Woolnoth, Lombard Street, 1.10 pm.

Details of Scott offer expected later this week

SHAREHOLDERS IN the Laurence Scott group can expect to receive full details later this week of the proposed off from Mining Supplies, the Doncaster-based mining machinery manufacturer. Singer and Friedlander is posting the formal offer document on Wednesday—just 3½ weeks after Mining Supplies announced its proposed £6.2m bid for the Norwich-based electrical engineering group.

The Scott board's initial response to the offer—an 8 for 17 share exchange, with a cash alternative of 60p—was a simple statement to holders to take no action until they hear from the board. However, Mr. Paul Tapscott, chairman of Scott, admitted at the time that "on the face of it the price was an undervaluation." In the group's 1979/80 accounts the net asset value per share stood at 195p, but the group incurred a pre-tax loss of £1.87m in the year, compared with a deficit of £1.35m previously.

It is understood that there bas been no contact between the two companies for quite some time. The Scott board is waiting to see Mining Supplies full explanation of the industrial logic behind the bid move before giving further advice to shareholders.

In present trading terms Scott sees little industrial logic behind the Mining Supplies move. According to the company present business between the two companies is very small—amounting to less than 1 per cent of a turnover of around £40m. But Scott concedes that Mining Supplies could place a lot of extra business with the group; Mining Supplies reckons that this could amount to an extra 20 per cent on the group's turnover.

The bulk of Scott's business is concerned with the manufacture of control gear and heavy rotating machines for process plant.

Mining Supplies launched its bid for Scott on the back of a 27.18 per cent holding mostly gained in a dawn raid mounted by Rowe and Pitman in May.

At the time of the raid Mr. Arthur Snipe, chairman of Mining Supplies, said that be bad gone in to protect his company's interests. He said that Mining Supplies had substantial areas of common interest with Scott and he felt that Scott's recent trading pattern had made it "highly vulnerable."

Apart from supplying Mining Supplies with electric motors and other related items. Scott also does a lot of work for the coal mining induatry, an area where Mining Supplies is heavily involved. Also Mining Supplies has worked with Scott in various ways over the past few years including the placement of development contracts with the company.

One of Scott's main attractions for Mining Supplies is a specialist flameproof motor it makes for the TP 2000, Mining Supplies' new coal shearer. The company is confident of tremendous export potential for this machine.

Rowe and Pitman's raid on the shares must rate as one of its less successful operations. Although the shares were languishing at a low of around 40p when Mining Supplies struck with its offer of 60p per share, it took the brokers five days to reach a level of 23.3 per cent.

After an initial flush of acceptances the market in Scott shares dried up. Two of Scott's largest shareholders — Adwest Group with 7.64 per cent (purchased when it was involved in bid talks with Scott in 1970) and the Prudential Assurance with 5.47 per ceot—decided to sit tight—a position they have maintainde since the bid Adwest said that it was waiting to see wbat the Scott Board's arguments were before deciding what to do.

Big increase in liquidations

BY DAVID CHURCHILL

COMPANY liquidations in England and Wales are running at a rate of more than 50 per cent higher than last year according to figures published by Dun and Bradstreet, a company specialising in business information.

Dun and Bradstreet says that while the official rate of liquidations is about 121 per week, the backlog of cases still to be put before the courts suggests a true rate of 130.

The total number of liquidations in the first 39 weeks of 1980 amounted to 4,746, compared with 3,038 in the same period last year.

Dun and Bradstreet points out that the 564 compulsory liquidations included in these figures are twice the total of 215 over the same period last year.

In addition, the figures for the third quarter of 1980 — a total of 1,587 liquidations—are nearly 90 per cent higher than in the third quarter last year.

Bankruptcies also have increased this year, according to Dun and Bradstreet, but not by as much as company liquidations. In the first three-quarters of 1980, there was a total of 2,784 bankruptcies compared with 2,516 in the same period last year. But the rate of increase in the third quarter—up by 30 per cent—suggests that the position is getting worse.

Dun and Bradstreet comments that the "statistics underline the general decline of business activity and reflect the stresses that businesses — especially smaller firms—are undergoing in today's stringent economic climate."

BOARD MEETINGS

The following companies have ootified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Currys, Energy Services and Electronics, Metalrax, Owen Owen, Supra, C. and W. Walker.

Finals: Adwest, Capseals, Cope Allman International, Parker Knoll.

FUTURE DATES

Interims—

Allied Plant	Oct. 8
Bank of Ireland	Nov. 6
Christies International	Oct. 8
F.C. Finance	Oct. 2
Fab International	Oct. 20
Gill and Duffus	Oct. 23
Revertex Chemicals	Oct. 2
Silentnight	Oct. 7
Tanks Consolidated Invests.	Oct. 3
Finals—	
A.P.M.	Oct. 8
Burgess Products	Oct. 23
Footwear Industry Invests.	Oct. 6
Saint Piran	Sept. 30
Sharpe (Charles)	Oct. 2

Copper mill for Skelmersdale

THE BRITISH General Electric Company and Pirelli General Cable Works, a subsidiary of the Italian engineering group, have formed a joint company to construct and build a continuous cast copper mill.

The new company, Rodco, will begin production in 1982 to provide high quality copper rod to the two partners, GEC and Pirelli who own 60 and 40 per cent respectively.

Based at Skelmersdale in the Merseyside Development Area, the project has qualified for assistance from the Department of Industry and the Skelmersdale Development Corporation.

Over the weekend Pirelli General also announced its results for the first balf of 1980. Sales rose from £50.97m to £64.44m and the operating profits pushed ahead from £2.36m to £5.03m. No historical pre-tax profit is given, but on a CCA basis there was a loss of £340,000 compared with £1.66m.

There was a tax charge this time of £850,000 (nil) and the directors have deferred consideration of an interim dividend until later in the year.

The directors say sales increased due to an increase in exports and the inflationary effects of rises in the average price of copper and other raw materials.

Installation losses overseas were much reduced and improvements in productivity also contributed to greater efficiency in cable manufacture, they add.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:

Energy Capital (Section: Oil and Gas).

Metramar Minerals (Mines—Australia).

Mitel Corporation (Electricals).

Rand London Coal (Cum. Part. Pref. R0.10 shares) (Mines—Finance).

Margins under pressure at Reliance Knitwear

ALTHOUGH ORDER books at Reliance Knitwear Group are generally satisfactory, they have been obtained at the expense of margins, Mr. R. E. W. Newman, chairman, tells members in his annual statement.

There is no sign of any improvement in the level of retail sales, he states, nor does he expect any change during the current year; which he describes as the biggest challenge the company has faced during his time with the group.

He reports that borrowings have been contained at a reasonable level, and since the year end some have been converted onto a medium-term basis.

Although it is intended to maintain the group's involvement in textiles and clothing, Mr. Newman believes that significant future group profit growth can only be achieved by diversifying into new areas. Past diversification efforts have not been wholly successful but they have already provided the group with a broader operating base.

The chairman says it is essential that the company continues its policy of broadening this base by identifying other acquisitions selling to different markets. A number of possible purchases are under consideration, but they may take some time to bring to fruition.

As reported on August 22, taxable profits for the year to April 30, 1980, rose from £530,884 to £573,321, but the dividend total is cut from 3.689p to 3.1p with a final of 1.56p net. The directors consider the current level of earnings could not support the previous level of dividend and that it would be prudent to reduce the dividend base.

The AGM of the company will be held at Halifax on October 9, at noon.

Thos. Walker cuts payout as profits fall

LOWER PROFITS and a cut in dividend are reported by Thomas Walker, manufacturer of clothing industry metal smallwares, for the year to June 30, 1980.

After a mid-term fall from £96,724 to £66,814, pre-tax profits for the 12 months declined from £231,637 to £164,508. On earnings down from 1.78p to 1.29p per 5p share, the final dividend is 0.58p for a 0.7475p (0.9315p) net total.

Readymix first half setback

TAXABLE PROFITS of Readymix, a subsidiary of Ready Mixed Concrete, declined from IR£834,000 to IR£235,000 in the first half of 1980 on turnover of £8.11m (£7.62m).

Results for July and August indicate continuing low returns, say the directors, with profits well below budget. The outlook for the second half is not encouraging, they add.

The interim dividend is held at 0.865p net—last year a total of 2.365p was paid from profits of £1.66m (£1.44m).

The first-half surplus is struck after interest up from £172,000 to £410,000 and depreciation of £540,000 (£437,000).

Earnings, after tax of £47,000 (£167,000) are shown down from 3.53p to 1.01p.

F. S. RATCLIFFE

An advance from £106,288 to £193,224 in pre-tax profits is reported by F. S. Ratcliffe Industries, precision spring manufacturer and painting contractor, for the year to April 30, 1980. Tax was up from £60,915 to £105,595.

The final dividend is unchanged at 4.25p for a same-again total of 5.25p.

McKechnie link with American company

McKechnie Brothers, the metals, chemicals and plastics group, has established a joint-venture operation with C.E. Refractories of Valley Forge, Pennsylvania, U.S.

The new operation will produce ceramic fibres used mainly for heat insulation and energy conservation. A new company has been formed, based at Widnes, called McKechnie Refractory Fibres, which has acquired the assets of two wholly owned subsidiaries of McKechnie Brothers, McKechnie Refractory Fibres and McKechnie Refractory Products.

McKechnie will hold 51 per cent of the capital of McKechnie Refractory Fibres, represented by the assets transferred valued at £287,458, comprising mainly plant, stock less creditors. C.E. Refractories will hold 49 per cent of the capital represented by a cash injection of £276,185.

SPAIN

1980 High	1980 Low		Sept. 26 Price %
246	203	Banco Bilbao	245
275	217	Banco Central	270
220	203	Banco Exterior	212
236	200	Banco Hispano	232
137	117	Banco Ind. Cat.	120
175	141	Banco Madrid	141
282	237	Banco Santander	275
190	136	Banco Urquijo	139
253	203	Banco Vizcaya	253
248	200	Banco Zaragoza	248
123	76	Dragados	111
73	58	Espanola Zinc	72
66	53.2	Fecsa	64.2
40	23.2	Gal. Preciados	31.5
71.7	58.7	Hidrola	68.7
68.2	57.5	Iberduero	55.7
123	100.7	Petroleos	113
92	59	Petroliber	59
115	102	Sogefisa	102
65.5	51.5	Telefonica	63.5
70.5	58.2	Union Elect.	68.5

INTERNATIONAL CAPITAL MARKETS

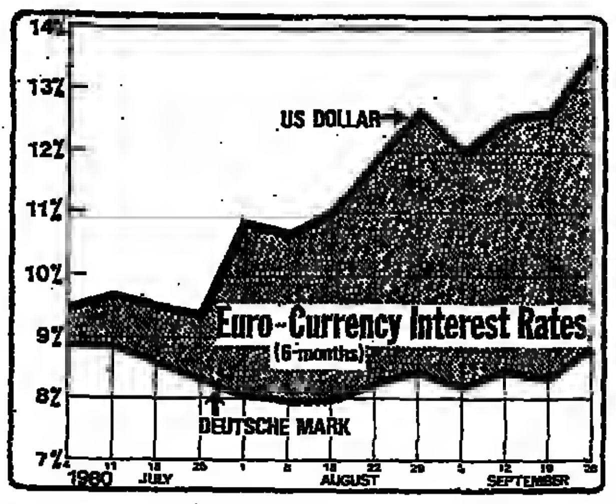
INTERNATIONAL BONDS

BY FRANCIS GHILES

Wilting of the convertible

WHEREVER bond dealers and new issue managers turned last week they found more frustration than encouragement. The relentless rise in U.S. interest rates was confirmed last Thursday when the Federal Reserve Board announced a sharp one point rise in its key discount interest rate to 11 per cent.

As a result, a number of U.S. banks raised their prime to 13 per cent and the six-month Eurodollar interest rate posted a gain of almost one point to finish on Friday night at 13⅞. As prices on Wall Street and the Tokyo Stock Exchange slipped back from their highs of earlier in the month, the grass in the rich convertible pasture turned a pale shade of yellow.



Only two convertibles were launched last week, one for Esterline and a $30m 15-year issue for Lear Petroleum offering an indicated coupon of 7½-8 per cent and a conversion premium of between 14 and 22 per cent. This is a wider band than usual because of the many uncertainties in the market. Most of the convertibles priced during the past 10 days, with the exception of an issue for Marion, finished the week a point or two below their issue price.

The three-year fixed interest rate issue for the Swedish Export Credit Corporation fared even worse, finishing the week at 96½-¾, a full three points discount from its issue price of 99½. Meanwhile, the three-year 12½ per cent bond for Transamerica Financial Corporation was said to be moving slowly.

In the straight dollar sector, the fall in prices was attributed to dealers marking prices down rather than any movement by investors. Many institutional investors have taken leave of absence from the market for the best part of the summer quarter. The conflict between Iraq and Iran added to the caution—not that it was really needed.

The $100m FRN bond for National Westminster offered investors a finer spread than the equivalent type of notes arranged for Midland Bank earlier this summer but the commissions, totalling 2½ per cent, were higher. The option to convert notes from 1981 to 1986 into 10 per cent fixed interest rate paper may not look attractive today and indeed one senior bond manager quipped that this represented "the nearest figure to nothing he could think of," but the picture may look different in a few years. Meanwhile, the note holders will treat the bonds as a straight FRN.

Deutsche Mark foreign bond dealers and new issue managers—so far as that corner of the pitch went—had little good news to cheer them, rather the reverse. A new issue calendar for October which could climb to DM 1.5bn surprised many in West Germany, although it is understood to be the result of a trade off between the members of the Capital Markets Sub-Committee (which met last Monday to decide on the new issue calendar) and the Bundesbank.

The central bank asked the banks to restrain their enthusiasm for promissory note issues (Schuldschein-darlehen), of which DM 400m-DM 500m are believed to have been issued last month, a figure higher than the equivalent in foreign D-mark bond issues. As Schuldschein notes effectively amount to exporting capital, this appeared to be contrary to Germany's interest, at a time when the country's balance of payments deficit is growing.

Referrable to the Bundesbank is the issue of more foreign D-mark bonds, which traditionally are subscribed from holders of D-marks outside Germany. The only flaw in the argument is that, in recent months, foreign buyers have been shunning D-mark foreign bonds issues, many of which have been placed with German residents. Where all this leaves the new issue calendar is anyone's guess. The only new issue announced last week for a prime name, Oesterreichische Kontrollbank.

The terms, a coupon of 8½ per cent for eight years, confirmed that yields are still moving up in Germany. Whereas paper for a prime name can expect to pay between 8½-8⅝ per cent for five years, a lesser quality name might well have to pay 10 per cent or more. Seasoned issues fell by more than 1½ points on the week, a sharper fall than in Switzerland where bond issues for foreign borrowers shed about 1¼ per cent over the same period. Meanwhile, the EEC is understood to have postponed an issue of Schuldschein notes following the sub-committee meeting.

Elsewhere, the first Australian dollar issue since the beginning of last year was launched by Hambros Bank for the Australian Development Corporation.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡§Marion Intl. Fin. NV	20	1995	15	9	100	Blyth Eastman Paine Webber	9.000
‡§Huffy Intl. NV	10	1995	15	8½	100	Merrill Lynch	8.681
‡§Hanson O'seas Fin. NV	25	1995	15	9½	100	CSFB	9.500
‡§Taylor Woodrow	20	1990	10	8¾	100	Hambros	8.750
‡Swedish Export Credit Corp.	50	1983	3	12	99½	Goldman Sachs, Morgan Stanley	12.104
Transamerica Fin. Corp. NV	50	1983	3	12½	99½	Morgan Guaranty	12.480
Nissho Iwai Corp.	40	1996	—	8	100	Nomura (Europe)	8.000
‡§Esterline Intl. Fin. NV	20	1995	15	8¼	100	Kidder Peabody Intl.	8.250
†Nat. Westminster Fin. BV	100	1992	12	5¼◊	100	County Bank, Orion, CSFB	5.319◊
**†IBJ Fin. Co. NV	50	1988	8	5¼◊	100	IBJ Intl., Morgan Stanley	5.319◊
D-MARKS							
Oesterreichische Kbk.	150	1988	8	8½	100	Deutsche Bank	8.500
FRENCH FRANCS							
§Cit-Alcatel	180	1991	10	10¼	100	Soc. Gen., CCF, Indosuez, Paribas	10.250
SWISS FRANCS							
‡**Oesterreichische Kbk.	65	1986	—	6	100	SBC	6.000
**§Toyo Yuden	20	1985	—	5½	*	Credit Suisse	
‡**§Stanley Electric	35	1986	—	5½	100	UBS	
‡**Shochiku	20	1985	—	5⅞	100	UBS	5.875
STERLING							
‡§Jusco	10	1996	—	8	100	Hill Samuel	8.000
‡BNP	20	1991	10.25	13½	100	Morgan Grenfell, BNP, Kleinwort Benson	13.500
LUXEMBOURG FRANCS							
‡Eurofima	500	1987	7	10½	100	Kredietbank (Luxem.)	10.500
YEN							
‡Philippines	15bn	1990	8	9	99.90	Yamaichi Secs.	9.219
NORWEGIAN KRONER							
Eksportfinans	100	1985	5	10½	*	Christiania Bank, CSFB	*
AUSTRALIAN DOLLARS							
Australian Industrial Dev. Corp.	30	1985	5	12½	99½	Hambros	12.390

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ◊ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. Note: Yields are calculated on AIBD basis.

CREDITS

BY PETER MONTAGNON

A crop of fine spreads for Spain

THE SPANISH oil concern, Enlepsa, a subsidiary of the state holding company, INI, has awarded a mandate to five international banks to arrange a $50m seven-year Eurocredit with a margin over Libor of ⅝ per cent and four years' grace.

Although the maturity of the credit is shorter than the 12-year $50m financing being arranged for Enpetrol with a margin of ⅝ per cent, the conditions confirm yet again the favoured position of Spanish borrowers in the Euromarket.

It is believed that tax aspects of the Enlepsa credit reduce the return to the banks below the ⅝ per cent level.

The credit will be put into open syndication by the lead management group which consists of Banco de Bilbao, Barclays, Dresdner, Societe Generale de Banque and Sanwa Bank.

Meanwhile, Dresdner Bank is raising $50m on a club basis for Cia Telefonica. A substantial portion of the credit is for 10 years and the remainder for eight, but both tranches bear a margin of ⅝ per cent, the same as that on a similar deal led by Chase earlier this summer.

Among other Spanish borrowers the state financing agency, ICO, will shortly tap the market for $150m, but contrary to market rumours there will be no jumbo Eurocredit for the Kingdom of Spain itself.

These rumours were dismissed as "absolutely groundless" by senior Treasury officials in Madrid. They said that the kingdom did have budgetary authorisation to raise some $275m abroad this year, but no decision to use the authorisation had been made. At this stage in the year it was unlikely that the kingdom would change its mind, the officials added.

Outside Spain, the market remains acutely short of prime borrowings by European countries. As it is also very liquid, this may explain the outstanding success of the current eight-year transaction for Italy's ENEL which has been raised to $600m from an initial target of $300m. In this case, however, the pricing over U.S. prime rate has also proved an extra attraction.

With volume of business elsewhere also rather low, banks are now looking to the International Monetary Fund meeting in Washington this week for progress on some pending deals. These include the jumbo Eurocredit for the National Bank of Yugoslavia and a $500m to $600m credit for Korea's Development Bank.

Meanwhile, the $250m credit for the Republic of South Africa enters syndication today. Another bank, Deutsche Girozentrale, has confirmed its readiness to join the second tier management group bringing the total to date of such confirmations to four.

Also headed for syndication shortly is the $1.3bn, 12-year credit for Woodside Petroleum. This is the largest energy related credit ever to be assembled in the Euromarkets and has attracted considerable interest. As already reported, the margins are expected to start somewhat over 1½ per cent and fall below that level in the later stages when the project is generating cash-flow, but precise conditions are still a closely guarded secret.

Another slice of Australian project financing is expected to be signed in London today. This is a $250m Eurocredit arranged on a club basis for Energy Resources of Australia by Continental Illinois and Schroder Wagg. Proceeds of the 11-year credit are to finance the Rangers Project, but conditions are not being disclosed. Separately the banks concerned are to provide a $55m environmental rehabilitation guarantee.

Meanwhile, the Philippines National Power Corporation has awarded a mandate to National Bank of Canada and Sumitomo Finance (Asia) to raise $50m over 10 years with a margin of ⅞ per cent for the first six years, rising to 1 per cent thereafter. The credit bears a government guarantee.

No mandate has yet been awarded on the $100m credit being sought by the Central Bank of the Philippines, but market sentiment has moved against the country and it is thought that conditions of any credit that does emerge will embody a higher spread than the ⅞ per cent obtained on borrowings earlier this year.

The Federal Republic of Nigeria is seeking $80m over 11½ years to finance a polypropylene plant planned by Montedison and its Tecnimont subsidiary. The margins are set at ¾ per cent for the first four years, ⅞ per cent for the next three years and 1 per cent for the remainder. The borrower will, however, pay interest at 7½ per cent flat with the balance coming in the form of an Italian export credit interest subsidy.

U.S. BONDS

BY IAN HARGREAVES

Fed charts a shaky course

AFTER SEVERAL weeks of hesitation, the Federal Reserve finally decided on Thursday that it had no option but to use the blunt instrument of the discount rate to underpin its anti-inflation efforts. There are grave dangers in this course, not only for the economy, whose rate of recovery will certainly be set back if not completely undermined by a renewed push in interest rates, but also politically, as the move has come within six weeks of the presidential election.

The Fed is worried about economic growth, as the August minutes of the Federal Open Market Committee make clear. But its goal, when it sets its current targets and abandoned formal credit restraint devices during the summer, was orderly money growth and gradual erosion of the rate of inflation. This policy has failed. In spite of considerable optimism among Wall Street economists at the end of last month, the September money supply figures have been very bad indeed.

With another $2.7bn increase in M1-B announced on Friday, that measure of monetary growth is showing a 14.2 per cent annual rate of growth in the current quarter, which is more than double the Fed's target.

Or, as Dr. Henry Kaufman puts it in his weekly newsletter from Salomon Brothers, the Fed has to keep M1-B growth to a mere $213m per week for the rest of this year if it is to meet even the upper range of its target.

So, the Fed has taken its gloves off. The prime responded immediately, moving to 13 per cent. Federal funds at the end of last week were trading at over 12 per cent and other short-term rates are high enough to justify another immediate jump in the prime this week. Bond prices slumped, further setting back the day when U.S. corporations will again be able to consider cheerfully raising long-term debt in their domestic market.

U.S. INTEREST RATES (%)	Week to Sept 26	Week to Sept 19
3-month Treasury bill	10.75	10.02
3-month CDs	11.65	11.05
Fed. funds weekly avge.	11.18	10.65
Treasury 30-yr. bond	11.76	11.38
Long-term AAA utility	13.13	12.75
Long-term AA industrial	12.50	12.25

Source: Salomon Bros. estimates.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	82¾	82⅞	−1⅛	−2⅛	14.16
CECA 11½ 88	100	93¼	93¾	0	−0⅞	12.88
Citicorp O/S Fin. 10 88	300	88⅞	89⅜	−0½	−1⅛	12.68
Con. Illinois O/S 9¾ 86	150	87⅞	88⅜	+0⅛	−0⅛	12.76
Denmark 11½ 90	100	91⅛	91⅝	−0½	−0⅞	13.31
Dome Petroleum 13½ 92	50	100	100½	−0⅞	−1½	13.42
EEC 11 85	75	85¼	85¾	−1⅛	−2⅛	13.27
EEC 11 95	70	85¾	86¼	−0⅛	−1½	13.14
EIB 11¾ 92	80	89⅞	90⅜	−0½	−1⅛	13.47
EIB 13¾ 90	100	101⅞	102⅜	−0⅛	−0⅞	13.31
Eksportfinans 11⅛ 87	50	94	94½	−0⅛	−0⅜	12.59
Eksportfinans 9½ 87	75	86⅜	86⅞	0	−0½	12.58
Elec. de France 10 88	125	87	87½	−0⅛	−0⅞	12.65
Export Dv. Cpn. 12¾ 87	100	99⅝	100⅛	−0⅛	−0⅛	12.74
Export Dv. Cpn. 9½ 86	150	87¼	87¾	−0⅛	−1⅛	12.86
Federal Dev. Bk. 13¾ 85	75	97½	98	−0⅛	−1½	12.87
Fin. Exp. Credit 10¼ 85	50	90½	91	−0⅛	−1⅛	13.20
Finland Rep. of 9½ 86	100	86	86½	−0⅛	−1	13.14
Ford O/S Fin. 12⅛ 85	250	96¾	97¼	−0⅛	−0⅛	13.48
George Weston 13½ 87	30	†99¼	99¾	0	−0⅛	13.57
GMAC O/S Fin. 11 84	100	94⅛	94⅝	−0⅛	−1⅛	12.77
GMAC O/S Fin. 13⅜ 85	150	101⅛	101⅝	+0⅛	−0⅞	12.82
Goodyear O/S 12½ 87	75	96⅞	97⅜	−0⅛	−1	13.12
Hudson's Bay 11½ 90	75	91½	91⅞	−0⅛	−1⅛	13.04
IBM Canada 10¼ 85	50	94¼	94¾	0	−0⅛	12.05
ICI Fin. Ned. 11 83	100	95¾	96¼	−0⅛	−1½	12.79
Int. Harvester 12¾ 85	115	97⅛	97⅞	−0⅛	−1	13.42
McGraw 13½ 85	75	98⅞	99¼	−0⅛	−1	13.74
NorWest Ind. 13⅜ 87	50	98¾	99¼	−0⅛	−0⅞	13.81
Nova Scotia 10¾ 90	50	88¾	89⅜	−0⅛	−2	12.72
OKB 10 85	50	90⅝	91⅛	−0⅛	−1⅛	12.62
Pembroke Capital 9⅝ 87	100	†86½	87	0	−0⅛	12.62
Pemex 11½ 88	100	91⅛	91½	−0⅛	−1½	13.32
Quebec Hydro 11⅛ 92	100	89	89½	−0⅞	−1¾	13.34
Rapsteel O/S 11⅛ 88	100	86½	87	−0⅛	−1½	14.41
Roylease Ltd. 11½ 85	50	95½	96	−0⅛	−0⅛	12.46
SNCF 12⅜ 85	50	99¼	99¾	−0½	−0⅛	12.47
Swed. Ex. Cred. 12½ 85	40	97⅛	97⅝	−0⅛	−1½	13.24
UA Finance BV 11 90	50	85⅝	86⅛	−1⅛	−2⅛	13.68
Unilever NV 9¾ 90	100	83⅛	83⅝	−0⅛	−1	12.60
World Bank 9¾ 85	200	90⅜	90⅞	−0⅛	−0⅞	12.46
World Bank 10⅛ 87	300	89⅛	89⅝	−0⅛	−1⅛	12.66

Average price changes... On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	98⅞	100½	−0⅛	−1¼	8.99
Australia 8¾ 90	250	99¾	100½	−0½	−0⅞	8.09
BFCE 7¾ 87	100	96	96½	+0⅛	−0⅛	8.50
BFCE 8¾ 95	100	95	95½	−2½	−2⅞	8.69
Brazil 8 87	150	85⅛	86⅛	0	−2½	11.06
Council of Eur. 7¾ 88	100	92½	92⅞	−0⅛	−1¼	8.50
Denmark 7¾ 88	100	96½	97¼	−0½	−1¾	8.57
Denmark 8¾ 92	100	97¼	98⅛	−0⅛	−1½	8.56
EEC 7⅝ 84	225	93¾	94½	−0⅛	−2¼	8.91
Finland Rep. of 8 88	150	96⅛	97	−0⅛	−1½	8.71
Iberduero SA 8 90	100	99	99¾	+0⅛	−0⅛	9.09
Kobe, City of 7½ 89	150	91	91¾	−0⅛	−2	8.53
Kobe, City of 8 90	100	97⅛	98⅛	−0⅛	−1⅛	8.30
Pr. Bk. Denmark 8½ 90	150	97½	98⅛	−0⅛	−1⅛	8.82
Norway 7½ 85	250	97½	98⅛	−0⅛	−1⅛	8.05
OKB 7⅛ 89	100	91½	92	−1¼	−2⅞	8.73
OKB 8⅛ 92	150	96⅛	97	−0⅛	−2⅛	8.71
Oslo, City of 8½ 90	80	100¼	101	−0⅛	−1⅛	8.64
Sweden 9¾ 87	200	105⅜	105⅞	−0⅛	−1	8.59
World Bank 8 90	700	96⅛	97	−0⅛	−1½	8.81
World Bank 7⅞ 90	250	94¼	94¾	−0⅛	−2⅛	8.76
World Bank 10 88	150	106⅞	107⅜	−0⅛	−0⅞	8.31
World Bank 10 90	200	107⅞	108⅜	−0⅛	−0⅞	8.68

Average price changes... On day −0½ on week −1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅜ 90	100	98⅛	98⅝	+0⅛	+0⅛	5.61
Bergen, City of 4¾ 91	40	90½	90¾	+0⅞	−1⅛	5.95
Bergen, City of 6 90	50	101⅞	102⅜	+0⅛	+1¼	5.72
BMW Overseas 4¾ 91	100	†88	88⅛	+0⅛	−2⅛	5.99
Buhrm'n-Tetterode 7 90	40	104¾	105	+0⅛	+0½	5.30
Caisse Nat. Tele 4¾ 89	100	92	92¼	+1½	+0⅞	5.52
Copenhagen 4½ 91	60	85¼	85½	+0½	−0⅞	6.39
Council of Eur. 5 89	100	91	91½	+0⅛	−3⅛	6.30
Denmark 5¾ 90	80	98⅛	98½	+0⅛	−1½	5.99
EIB 4⅞ 94	100	83	83¼	−0⅛	−6⅞	6.22
Elec. de France 4¾ 89	100	92	92¼	0	−1⅛	5.52
F. G. H. Hypo. Bk. 8 90	50	†101½	102	0	−0⅛	5.79
Finland Rep. of 5⅛ 90	80	93⅛	93⅞	+0½	−0⅛	5.52
GZB 4¾ 89	100	87⅞	88⅛	+0⅛	−0⅛	6.00
Hitd. 4½ 91	35	†90	90½	0	−1	5.44
Int.-Amer. Dev. 4½ 89	100	†90	90½	−0⅛	−1	5.94
Int.-Amer. Dev. 7 90	80	†103½	104	0	−0⅞	6.45
Jutland Tele. 5½ 90	50	95½	96½	+0⅛	−2¼	6.07
Malaysia 5 89	80	†87½	88½	+0⅞	−0⅛	6.82
Newas 5¾ 90	80	100¼	100½	+0⅛	*	5.70
Nippon Tel. & T. 4¾ 89	100	89⅝	89⅞	+0⅛	−1⅛	5.74
Norges Komm. 4¾ 91	100	85	85¼	−0⅛	−0⅞	6.28
OKB 4¾ 91	100	84¾	85	+0½	−1⅞	6.32
OKB 8 90	100	102½	102¾	+0⅛	−0⅛	5.63
Oslo, City of 4⅜ 91	100	85¼	85¾	−0⅛	−1	6.23
Philips Lamps 5⅜ 92	100	97⅝	97⅞	0	−0½	5.51
Sekisui Pre. Hms. 5 90	80	101¼	101½	+0⅛	−1⅛	5.81
Shikoku El. Pwr. 4¾ 89	100	91	91¼	−0½	−2	6.07
World Bank 4⅞ 89	150	†88⅛	88¾	+1⅛	−0½	6.07
World Bank 4⅞ 91	100	†87½	88	+0⅛	−0⅛	6.18

Average price changes... On day +0⅛ on week −1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	90	91⅛	92	0	−0⅛	8.84
Australia 6½ 88	20	87⅛	88⅛	−0⅛	−0⅛	8.75
EIB 7⅛ 89	12	96⅞	97⅜	−0⅛	−0⅛	8.30
Finland 5.8 83	10	90⅝	91⅛	−0⅛	−0⅛	9.04
Finland 5.8 88	10	87⅝	88⅛	−0⅛	−0⅛	8.08
Finland, Rep. of 8¼ 87	15	96⅝	97⅝	0	−0⅛	8.55

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 88 C$	60	91½	92½	+0⅞	+0⅞	12.70
CIBC 13½ 85 C$	60	98⅛	99⅛	−0⅛	−0⅛	13.82
CIBC 11½ 85 C$	60	94½	95	0	+0⅛	13.01
Federal Dev. 11½ 90 C$	60	87⅞	88⅞	−0⅛	−1	13.73
Fst. Can Inv. 10 84 C$	58	89½	90¼	−0⅞	−1⅛	13.66
GMAC 12 85 C$	50	†92	93	−1	−3¼	14.24
R. Bk. Canada 10 83 C$	40	91⅛	91⅞	−0⅞	+1	12.14
Tordom Cpn. 13½ 85 C$	30	98⅛	99⅛	−0½	−0⅛	13.82
M. Bk. Dnmk. 8 91 EUA	25	93¾	95	0	−0½	8.84
SOFTE 8¾ 89 EUA	40	88⅞	89⅞	−0⅛	+0⅛	10.18
U. Bk. Nrwy 9½ 90 EUA	18	99⅜	100⅜	+0⅛	0	9.48
Algemene Bk. 8¾ 84 Fl	75	96½	97⅛	0	+0⅛	9.18
Algemene Bk. 10¾ 87 Fl	400	99⅞	100⅜	−0⅛	−0⅛	10.21
Bk. Mees & H. 10 85 Fl	75	100⅞	101½	−0⅛	+0½	9.68
Heineken NV 10 87 Fl	75	100⅜	100⅞	+0½	−0⅛	9.85
Norway 8¾ 84 Fl	100	96⅛	96⅞	−0⅛	0	9.33
Philips Lamps 8¾ 84 Fl	75	96	96½	−0⅞	−0⅛	9.60
Aero Paris 13⅛ 87 FFr	150	99	100	0	−0⅛	13.22
Air France 11 84 FFr	120	96¼	97¼	0	−0⅛	12.07
CECA 14½ 88 FFr	150	102⅞	103⅞	0	−2	13.29
Finland 11 84 FFr	80	91½	92½	−0⅞	−2	13.69
Finland 11½ 89 FFr	70	90⅛	91⅛	−0⅛	−2⅛	13.34
Gaz de France 11 84 FFr	150	93	94	0	−1⅞	13.13
IBM France 11⅛ 84 FFr	120	94⅛	95⅛	−0⅛	−0⅞	13.49
Renault 9¾ 85 FFr	100	86½	87½	−0½	−1¼	13.59
Solvay et Cie 9¾ 87 FFr	125	83	84	−1⅛	−1⅛	13.68
Utd. Mex Sts. 14 85 FFr	150	99⅝	100⅝	−0⅛	−0⅞	13.60
Beneficial Fin. 14¼ 90 £	20	98⅛	99	−0⅛	−0⅛	14.48
Citicorp O/S 13½ 90 £	50	97⅛	97⅞	−0⅛	−1½	13.95
EIB 11½ 91 £	25	88¾	89½	−0⅛	−0⅛	13.45
Fin. for Ind. 12½ 89 £	30	93⅜	94⅛	−0½	−0⅛	13.74
Fin. for Ind. 14⅜ 88 £	20	100⅜	101⅛	−0⅛	−0⅛	14.28
Gen. Elec. Co. 12½ 89 £	50	95¼	96	−0⅛	−0⅛	13.35
Peugeot SA 14 90 £	23	97⅛	97⅞	−0⅛	−0⅛	14.47
Rothschild 14¼ 90 £	12	98⅛	98⅞	−0⅛	−1	14.53
Swed. Ex. Cr. 15¼ 85 £	20	103⅜	103⅞	0	−0⅛	14.08
Banobras 8¾ 90 KD	7	†94	94½	0	+1½	9.16
CCCE 8¾ 91 KD	10	†89⅛	89⅝	0	−4	9.78
Sonatrach 8½ 90 KD	12	†92	92½	0	−0⅛	9.77
Akzo 9¾ 87 LuxFr	500	93	94	−0⅛	−0⅛	10.59
Euratom 8 87 LuxFr	500	87½	88½	−0⅛	−0⅛	10.72
Euratom 9¾ 88 LuxFr	500	97⅛	98¼	0	+0⅛	10.18
EIB 9⅛ 88 LuxFr	600	97½	98½	−0⅛	−0⅛	10.13
Volvo 9⅛ 87 LuxFr	500	95⅛	96¼	−0⅛	−0⅛	10.81

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅜	2/1	10.44	10.64
Bank of Ireland 5¼ 89	‡0¼	97¾	98¼	21/11	11⅛	11.61
Bank of Tokyo 8¼ 89	‡0¼	97	97½	25/10	9¼	9.51
Barclays O/S Inv. 5 90	0¼	97⅝	98⅛	13/12	9⅝	9.83
Bergen Bk. A/S 5 89	‡0¼	97½	98	29/11	12½	12.53
Bilbao Int. NV 5¾ 90	0¼	97	97½	29/11	10.06	10.33
Citicorp O/S F. 83	§‡0	99¼	99¾	23/11	11.44	11.49
Citicorp O/S F. 84	‡0	99¼	99¾	30/9	11.94	12.01
C. Itoh 5½ 87	0¼	99⅝	100⅛	18/3	12⅞	12.89
Co-operative Bk. 8 86	0⅛	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97⅞	98⅜	14/12	12.06	12.29
CNT 5¼ 86	§0¼	99⅝	100⅛	19/10	18⅛	18.13
GZB 5½ 89	‡0¼	97⅞	98⅜	1/11	9.81	10.00
Jugobanka 8 88	0⅞	91¼	93¼	23/11	11⅛	12.60
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/10	18¾	18.87
Lloyds Eurofin 8 90 £	0⅛	96⅝	97⅛	3/1	15¾	16.26
LTCB Japan 5¼ 88	0¼	98⅝	99⅛	13/12	9⅝	9.73
LTCB Japan 5½ 88	0¼	97½	98	7/12	10⅛	10.36
Mfrs. Han. O/S 5⅜ 94	‡0⅛	97⅞	98⅜	30/11	12⅛	12.36
Midland Intl. Fin. 5 89	0¼	97¾	98¼	20/12	9½	9.69
Midland Intl. Fin. 5¼ 92	0¼	97¾	98¼	5/12	10⅞	11.10
Nacional Fin. 6¼ 88	0¼	97½	98	25/1	9.69	9.91
Nat West 5¼ 94	§0¼	98⅞	99⅞	11/10	18⅜	18.88
Nippon Credit 6½ 88	0¼	97¼	97¾	12/1	9.56	9.81
Nippon Credit 5½ 87	‡0¼	98⅝	99⅛	5/11	10⅞	11.00
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅞	99⅜	11/10	9.31	9.39
Soc. G. de Bque. 6½ 87	0¼	97⅝	98⅛	3/10	20.06	20.45
Standard Chart. 5¼ 90	0¼	98⅞	99⅜	5/3	12.06	12.11
Svenska Hndlsbk. 5 87	0¼	98⅛	98⅝	18/1	10	10.17
Sweden 91	‡0¼	†96½	97	18/10	9.56	9.88
Williams & Glyn 5¼ 91	0¼	98⅞	99⅜	14/3	12.44	12.55
Bq. S. d'Alg. 4¾ 89 SF	0⅛	†87	89	18/12	6⅞	8.96

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†118	120	0	−3.42
Ajinomoto 7¾ 95	2/80	815.5	135⅝	136⅝	+6⅛	1.97
Alco Int. Fin. 9½ 94	1/80	40	95½	96¼	−1¼	11.84
Apache J. Fin. 8¾ 95	12/80	21.12	†137¼	138½	−4½	−5.35
Blocker Energy 8¾ 95	1/81	21.87	112½	114	−1⅛	−5.97
Canon 6¾ 94	8/79	570	127	128	+1⅛	5.86
Credit Suisse 4¾ 93	10/79	12.78	118⅛	119¼	−0⅛	−2.83
Daiei Inc. 6½ 94	11/79	927.3	96½	97½	+0⅛	21.74
DDKK 11 90	4/80	324	104⅞	105⅞	−0⅛	17.54
Dynalectron 9½ 95	8/80	12.22	†109½	110½	−1½	−1.38
Ensearch Fin. 9½ 94	7/80	30.25	132	132¾	−7⅛	−3.49
INA Overseas 8¾ 2000	4/81	42	100½	101⅞	−0½	−0.03
Inchcape Ltd. 8 95	2/81	4.55	107¼	108¾	0	−0.69
Meidensha Elec. 7 94	12/79	210	108	109½	+0⅞	3.25
MEPC 8¾ 96	2/81	2.47	106⅛	107⅛	−0½	10.66
Mitsubishi Cp. 6½ 94	10/79	549.1	127	128¾	−0⅛	−1.69
Ricoh 6⅞ 95	8/80	604	104⅜	105⅜	+0⅛	2.37
SBC 6¾ 90	9/80	200	99⅞	100⅜	−0⅞	5.91
Toshiba Con. 7⅛ 94	10/79	198	118	119	+2⅛	1.93
Union Bk. Switz. 5 89	2/80	121.4	98⅛	99⅛	−0⅛	0.09
Fujitsu 5 84 DM	7/79	475	118½	119½	+5	3.14
Sharp Corp. 6¼ 88 DM	9/80	595	110⅛	111⅛	+1⅛	1.35
Uny Co. 6½ 85 DM	11/79	1071	95	96	0	15.84

BONDTRADE INDEX AND YIELD	Medium term		Long term	
Sep. 26...	n.a.	n.a.	n.a.	n.a.
Sep. 19...	n.a.	n.a.	n.a.	n.a.
High '80...	93.58	(12/5)	88.18	(2/1)
Low '80...	86.32	(2/4)	71.54	(29/2)

EUROBOND TURNOVER (nominal value in $m)	Cedel	Euroclear
U.S. $ bonds		
Last week	901.7	3,207.4
Previous week	2,633.0	2,358.4
Other bonds		
Last week	262.2	316.8
Previous week	349.5	491.5

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on September 26

WORLD STOCK MARKETS

NEW YORK | CANADA | HOLLAND | HONG KONG | JAPAN | ITALY | NORWAY | SWEDEN | SWITZERLAND | FRANCE | AUSTRALIA | SOUTH AFRICA | BRAZIL | TEL AVIV | AUSTRIA | BELGIUM/LUXEMBOURG | GERMANY | DENMARK | SINGAPORE

[illegible]

Indices

NEW YORK

DOW JONES

	Sept 26	Sept. 25	Sept. 24	Sept. 23	Sept. 22	Sept. 19	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	240.18	955.87	964.78	262.85	974.57	963.74	974.57 (22/9)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/1/32)
H'me B'nds	66.81	67.54	67.80	65.51	66.91	68.21	16.91 (25/6)	93.81 (28/5)	—	—
Transport	357.53	345.59	348.88	349.20	359.02	349.52	359.82 (22/9)	233.69 (21/4)	359.02 (22/9/80)	12.23 (8/7/32)
Utilities	108.81	109.86	119.59	110.85	112.09	119.34	119.88 (3/7)	89.04 (21/5)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's	48,480	48,810	56,860	64,360	53,140	53,780	—	—	—	—

aDay's high 252.55 low 234.98

Ind. div. yield %	Sept. 19	Sept 12	Sept. 5	Year ago (approx
	5.68	5.74	5.72	5.65

STANDARD AND POORS

	Sept 26	Sept. 25	Sept. 24	Sept. 23	Sept. 22	Sept. 19	1980 High	1980 Low	Since Cmpil't' High	Since Cmpil't' Low
‡Indust'ls	148.15	149.51	148.55	147.14	148.58	146.95	149.57 (22/9)	111.09 (27/7)	146.85 (19/9/80)	3.52 (30/6/32)
‡Composite	126.85	128.79	130.37	129.45	135.40	129.25	130.40 (22/9)	98.22 (13/2)	129.25 (19/9/80)	4.40 (1/6/32)

Ind. div. yield %	Sept. 24	Sept. 17	Sept. 15	Year ago (approx
	4.50	4.54	4.69	4.97
Ind. P/E Ratio	9.05	8.51	8.52	8.18
Long Gov. Bond Yield	11.62	11.46	11.03	2.16

N.Y.S.E. ALL COMMON

Sept. 26	Sept. 25	Sept. 24	Sept. 23	1980 High	1980 Low
72.22	74.46	75.34	74.86	75.43 (22/9)	55.30 (22/9)

Rises and Falls	Sept. 26	Sept. 25	Sept. 24
Issues Traded	1,922	1,915	1,915
Rises	172	479	604
Falls	1,182	1,065	929
Unchanged	253	571	383
New Highs	—	85	69
New Lows	—	5	8

MONTREAL

	Sept. 26	Sept. 25	Sept. 24	Sept. 23	1980 High	1980 Low
Industrial	388.99	389.59	482.15	387.32	425.80 (29/2)	325.21 (27/3)
Combined	386.45	371.88	375.95	370.90	378.90 (29/2)	295.95 (27/3)
TORONTO Composite	2,171.1	2,328.49	234.79	2335.68	2541.9 (24/9)	1702.5 (27.3)

	Sept. 26	Sept. 25	Sept. 24	Sept. 23	1980 High	1980 Low
AUSTRALIA Sydney All Ord. (1/1/80)	994.48	999.51	992.38	995.49	995.57 (25/9)	760.00 (2/1)
Metal & Minrls. (1/1/80)	6601.99	6551.36	6565.04	6524.66	6680.89 (14/2)	4581.29 (26/3)
AUSTRIA Credit Aktien (2/1/62)	86.42	86.36	86.53	86.52	89.40 (7/1)	65.59 (19/8)
BELGIUM Belgian SE (31/12/63)	90.88	91.56	91.84	93.28	105.75 (11/2)	95.14 (31/3)
DENMARK Copenhagen SE (1/1/73)	90.91	91.56	91.98	91.59	91.98 (24/9)	74.78 (5/3)
FRANCE CAC General (29/12/61)	110.5	111.2	110.8	110.4	117.8 (22/2)	87.1 (5/1)
Ind Tendance (28/12/79)	116.2	116.3	116.5	116.2	119.4 (15/8)	86.6 (5/1)
GERMANY FAZ-Aktien (31/12/58)	230.48	232.13	231.91	230.92	238.89 (25/2)	211.75 (28/3)
Commerzbank (Dec. 1953)	727.1	727.1	726.3	724.7	749.9 (25/2)	667.9 (27/3)
HOLLAND ANP-CBS General (1970)	83.9	84.9	84.9	85.9	88.0 (25/7)	74.9 (21/3)
ANP-CBS Indust. (1970)	61.7	61.6	62.0	62.9	68.2 (11/1)	58.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	1251.75	1265.76	(c)	1368.19	1316.78 (22/9)	738.9 (19/3)
ITALY Banca Comm. Ital (1972)	130.65	139.11	138.02	137.95	139.65 (26/9)	83.11 (2/1)
JAPAN Dow Average (16/5/49)	6898.38	6989.94	6972.62	(c)	7046.81 (22/9)	6475.93 (27/3)
Tokyo New SE (4/1/68)	484.58	485.68	481.89	(c)	487.12 (19/9)	449.01 (18/3)
NORWAY Oslo SE (1/1/72)	129.43	130.7	127.99	125.58	144.70 (14/2)	115.12 (28/3)
SINGAPORE Straits Times (1966)	622.35	625.94	631.81	647.59	647.49 (22/9)	423.75 (6/1)
SOUTH AFRICA Gold (1958)	948.9	947.7	979.5	1016.7	1026.1 (22/9)	349.5 (2/1)
Industrial (1958)	602.7	695.1	607.3	507.9	627.1 (9/9)	459.0 (2/1)
SPAIN Madrid SE (28/12/78)	108.54	108.3	108.84	106.9	111.17 (16/9)	95.76 (13/5)
SWEDEN Jacobson & P. (1/1/58)	551.45	551.9	553.04	545.5	596.99 (9/2)	334.72 (17/1)
SWITZERLAND Swiss BankCpn. (31/12/58)	307.9	308.4	307.9	319.4	317.9 (11/2)	276.0 (28/3)
WORLD Capital Intl. (1/1/70)	—	155.6	156.1	155.5	156.7 (22/9)	120.6 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	631,300	64⅞	−7¼	Deere	355,300	40⅜	−1⅜
Warner-Lambert	526,400	20⅝	−1	J. C. Penney	[illegible]	[illegible]	[illegible]

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

Bass 4pc Prf. 1.4pc. Do. 7pc Prf. 2.45pc. Do. Debs. 1⅞. 4¼pc. Do. Lns. 2¼. 3⅞pc
Bass Invests. Lns. 3. 3 11/16pc
Baxter Travenol Labs. 16cts.
Beattie (James) Ln. 4pc
Beecham Ln. 4¼pc. Do. Ln. 2½pc
Bemrose Corp. 7½pc Prf. 2.625pc
Bendix Corp. 71 cts
Bensons Hosiery Hldgs. Ln. 6pc
Berec Deb. 2¼pc
Berisford (S. and W.) 5pc Prf. 1.75pc. Db. 7½pc Prf. 2.625pc
Bertam Consold. Rubber Ord. Units 0.8p
Birmid Qualcast Ln. 3¼pc
Black-Clawson Deb. 3pc
Blackwood Hodge 7½pc Prf. 2.625pc
Blue Circle Industs. 5½pc Prf. 1.925pc. Do. Deb. 2¼pc
Boddingtons Brews. Deb. 2pc
Bond Street Fabrics Ln. 3¾pc
Boot (Henry) Cum. Prf. 4.2pc 2.1pc
Boots Ln. 3pc. Do. Ln. 3⅞pc
Border Breweries (Wrexham) 6pc Prf. 2.1pc
Boscombe Prop. 5pc Prf. 1.75pc
Boulton & Paul Deb. 3. 3¾pc
Bowater Corp. 5½pc Prf. 1.925pc
Bowater Newfoundland 4½pcPf. 2¼pc
Bowthorpe Deb. 4pc
Brady Industs. Ord. & A Ord. 2.75p. Do. Deb. 10½pc
Braid Deb. £4.144808
Braithwaite 7½pc Prf. 2.625pc
Brascan Class A Prf. 3pc
Bright (John) Ln. 4pc
Bristol & West Hotels Deb. 3⅞pc
Bristol Evening Post Deb. 5¼pc
British-American Tobacco 5pc Prf. 1.75pc
British-American Tobacco Inv. Ln. 5. 5¼pc
British Assets Tst. Ln. 2½pc
British Car Auction 5pc Prf. 1.75pc
British Celanese Deb. 1¼pc
British Home Stores 7pc Prf. 2.45pc
British Industrial & General Invest. Tst. Ln. 3¼pc
British Land Db. 7½pc
British Steam Specialties Db. 5¼pc
British Vita Db. 3⅝pc
Brockhouse Db. 4¼pc
Brotherhood (P.) 5½pcPf. 1.925pc
Brown Boveri Kent Db. 5 5⅞pc. Ln. 4pc
Brown (J.) Ln. 2 7/16 2 23/16pc
Brown Shipley Ln. 2⅞pc
Brunning Ln. 4pc
Buckinghamshire 9pcRd. 78-80 4½pc
Buckleys Brewery 5½pcPf. 1.925pc
Burco Dean 6¼pcPf. 2.1875pc
Butterfield Harvey 5½pcPf. 1.925pc Db. Lns. 3⅞ 4¼pc
CPG Products Repayment of the 8¼pcDb. 83-88 at par plus accrued interest
Caister Group Db. 3¼pc
Caledonian Hldgs. Ln. 3¼ 3¼
Caledonian Invest 5pc A B Pf. 1.75pc
Calor Gas Db. 3¼pc
Capital Counties Property Dbs. 3⅞ 3⅞pc
Capital National Tst. 5p. Do. 2.25p
Carclo Engineering 5.95pcPf. 2.975pc. 10½pcPf. 5.25pc. 10pcPf. 5pc
Carlton Ln. 4¾pc
Carrington Viyella 6½pcPf. 2.275pc. 5pcPf. 2.8pc
Cavenham 4½pcPf. 1.575pc. 6½pcPf. 2.275pc. 7pcPf. 2.45pc. 7½pcPf. 2.625pc. 10pcPf. 5pc
Cawoods 4½pcPf. 1.575pc. Ln. 3⅞ 5¼ 3¼pc
Cedar Invest. Ln. 5pc Ln. 4½pc
Celanese Corp. 90 cts
Central District Props. Db. 3⅞ 3⅝pc. Ln. 4pc

Elliott (B.) Dbs. 3¼ 3⅝pc
Elliott of Peterborough Ln. 4½pc
Ellis Everard 5pcPf. 1.75pc
Elson Robbins 6pcPf. 2.1pc
Emhart Corp. 60 cts
Empire Stores (Bradford) Dbs. 3 7/16 4⅛
English Intnl. Trust 5½pcPf. 1.925pc
English Overseas Invests. Ln. 6pc (Temp. sus. 2-7-80) 6pc
English Scottish Investors 0.6p. 5pcPf. 1.75pc
English China Clays Db. 3⅞ 3⅞pc
Erskine House Ln. 2¾pc
Essex Water 7pcPf. 3.5pc. 8pcPf. 4pc 9pcPf 1982 4.5pc. 9pcRdPf. 4.5pc
Euston Centre Props. Db. 5.2pc
Evu 6pcPf. Db. 3¼pc
Ewart New Northern Ln. 4¾pc
External Invest. Tst. Ln. 3½pc
FC Fin. 7pc Pf. 2.45pc
FFI (UK Fin.) Dbs. 2¼, 3⅞. 4½pc
Farrel Bridge 6pc 2.1pc
Fine Art Dvlpmnt. Ln. 4¼pc
Fine Spinners and Doublers Db. 2pc
Fisons Db. Ln. 2 13/16pc
Flag Invest. Db. 5¼pc
Foreign and Colonial Inv. Tst. 5pcPf. 1.75pc
Forminster 10½pcPf. 5.25pc
Foxboro 32.50cts
Fundinvest 7pcPf. 2.45pc
GATX 55cts
GEI Intl. Ln. 5 (ptly. Cnv.) 5pc
Gala Cosmetic Gp. Db. 3⅝pc
Gen. Electric Lns 3 3⅞ 3⅞pc
Gen. Electric Overseas Cap. Ln. 2¼pc
Glanfield Lawrence 8pcPf. 2.8pc
Globe Invest. Tst. Lns. 2¼, 3¼pc. Ln. £6.9
Glover Main 6pcPf. 2.1pc
Glynwed Ln. 5⅛pc
Goodrich (B. F.) 39cts
Grampian 10¾pc 1985 5¾pc
Grand Met. Ln. 5pc
Great Portland Ests. Db. 4⅛pc
Great Universal Stores A Ln. 3¼pc
Greenall Whitley 8pcPf. 4pc
Greenhaven Secs. Db. 3. 3¼pc. Ln. 3¼pc
Gresham Tst. 3¼, 3⅞, 4pc
Guard Bridge Paper Db. 3⅞pc
Guardian Royal Exchange Assur. 7pcPf. 2.45pc
Gunn (A.) Ln. 5¼pc
Halma 11pcPf. 5.5pc
Hambros Ln. 3⅛pc
Hanpers Paints Assoc. 5½pcPf. 1.925pc
Hargreaves Gp. Db. 5¼pc
Haslemere Ests. Db. 5¼pc. Ln. 4¾pc
Hazell (Q.) Lns. 3⅛, 3¼pc
Heneker's 7pcPf. 2.45pc
Henleys 5⅛pc. Ln. 4⅛pc
Hepworth Ceramic Db. 5 3/16pc
Heron Dbs. 3½, 5¾pc
Hestair Consumer Prods. Ln. 3pc
Hickson Walch 6pcPf. 2.1pc
Higgs Hill Db. 4⅛pc. Ln. 4pc
Hill Smith Db. 7pc
Hill (P.) Invest. Tst. Db. 2¼pc. Ln. 2¼pc (cnv.)
Hill Samuel Ln. 4pc
Hocroft Tst. Lns. 3½, 3¼pc
Hoffnung (S.) 4.55pcPf. 2.275pc
Hogg Robinson Ln. 4¼pc
Hollis Bros. ESA 7pcPf. 2.45pc
Home Brewery 5⅞pcPf. 2.9125pc
Howard Tenens Services Db. 3¼pc
Horlo (J.) Pf. 1.75pc
ICL Db. 2¼pc
IMI Ln. 4⅛pc
ITT Distributors Dbs. 3⅞. 4¼pc
Imasco 30cts. Pf. 3pc
Imp. Continental Gas Ln. £3.728
Imp. Foods Db. 3⅞pc
Inchcape 8½pcPf. 2.975pc Lns. 2¼ 3¼ 4, 5¼, 8¼pc
Indust. Gen. Tst. Dbs. 2¼, 2¾pc
Initial Services Ln. 4pc
Intnl. Paint Ln. 4⅛pc
Intnl. Timber 4½pcPf. 1.575pc
Inveresk Ln. 3¼pc

BCF 7pcPf. 2.45pc
BFO Db. 3¼pc
Radio Rentals Ln. Stk. 3½pc
Rank Hovis McDougall Ln. 3 1/16pc
Readicut Intnl. 6pcPf. 2.1pc. 5¾pcPf. 2.0125pc. Ln. 4⅞pc
Readfearn National Glass 7pcPf. 2.45pc. 7pcPf. (second) 2.45pc
Rediffusion 4pcDb. 3(1) 3(2)pc
Reed Intnl. Deb. 3¼(78-83) 3¼(83-88)pc. Db. 3¼ (87-92) 3¼pc. Db. 2¼ 3pc. Ln. 3⅞ 3¼pc
Reeves (F. J.) Ln. 3¼pc
Renold Db. 3¼pc 4pc
Reunion Properties Db. 4⅞pc
Richards Db. 3¼pc
Richardson Westgarth Ln. 3pc
River Mercantile Trust Db. 4¼pc
Robertson Foods Db. 5¼pc
Rock Darham Ln 4pc
Rockware Group Ln. 4pc
Rothschild Invest. Tst. 3.5pc Pf. 1.75pc. 4.2pc Pf. 2.1pc 3.5pc Cnv.Pf. 1.75pc. Debs. 2⅞. 3¼. 3½pc
Ruston Hornsby Db. 4pc
S. U. Stores 6pc Pf. 2.1pc
Saatchi Saatchi 2.64p
Safeguard Invests. Db. 2¾pc
Safeway Stores 65cts
Scapa Group Ln. 4pc
Scot Bowyers Db. 3¼pc
Scotcros 6½pc Pf. 2.275pc
Scott (David) Lns. 2⅞, 5⅞pc
Scottish Agricultural Secs. Corp. 10¼pc Db. 1989-91 5⅛pc
Scottish Mercantile Inv. 7½pc Pf. 2.625pc
Scottish Mortgage Tst. 4pc Pf. 1.4pc. 4½pc Pf. 1.675pc. 5¼pc Pf. 1.837pc
Scottish Road Services 7pc Pf. 2.45pc. Debs. 3. 3½pc
Second Covent Garden Prop. Db. 3¼pc
Securities Tst. of Scot. 4½pc Pf. 1.575pc
Selincourt Ln. 4¼pc
Senior Engineering Ln. 4 11/16pc
Soraico Db. 5½pc
Simpson (S.) 5pc Pf. 1.75pc
600 Group 4½pc Pf. 1.575pc. 6½pc Pf. 2.275pc. Ln. 3¼pc. Lns. 4¼. 5½pc
Sketchley 4.2pc Pf. 2.1pc
Smith (W.H.) Son 5.75pc Pf. 2.875pc. 3.75pc Pf. 1.857pc
Smith St. Aubyn 6pc Pf. 2.1pc. 9½pc Pf. 4.75pc Ln. 3½pc
South Cornwall Water Board 8pc 1980-82 3pc
Southern Kinta Cons. (M.) Bnd. special 12.21102p (a/a 15mths. to 30/6/80)
Sparrow (G. W.) Ln. 4¼pc
Speedwell Gear Case 6pcPf. 2.1pc
Stag Furniture 10pcPf. 5pc. New 10pcPf. 3.64pc
Standard Chartered Bank Ln. 6¾pc
Staveley 5¼pcPf. 1.8375pc. Ln. 3¼ (1986-1991) 3¼pc (1986-93)
Sterling Estates Db. 4pc
Sterling Pf. (5½pc) 1.925pc
Stimpson-Perkins 5pcPf. 1.75pc
Stocklake Ln. 3¼pc
Stone-Platt Db. 3¼pc
Sunderland (Joseph) 6pcPf. 2.1pc
Tace 4pcPf. Ord. 1.4p
Tate Lyle 6½pcPf. 2.275pc. Db. 3½pc. Lns. 3¼, 5¼pc
Tecalmit Db. 4⅛pc
Temple Bar Invest. Ord. Units 2.5p
Thomson Organisation 5.83pcPf. 2.815pc
Thorn EMI 3.5pcPf. 1.75pc
Tollemache Cobbold Brews. Dbs. 1⅞. 2. 3pc
Tocial 5pcPf. 1.75pc
Tor Invest. Tst. 4⅞pcPf. 1.6625pc. 6pcPf. 2.1pc
Transport Development Ln. 4¾pc
Treasury Ln. 15pc 1998 7½pc
Trefforest Silk Printers 6pcPf. 2.1pc
Triplex Foundries 5½pcPf. 1.925pc
Truman Dbs. 3⅞. 5⅛pc
Tyne Plywood 5½pcPf. 1.925pc
UDS Dbs. 2¼. 3, 3 9/16. 5⅛pc

Bockman (A.)
Electronic Machine
Halstead (James)
Interims:
Bulgin (A. F.)
Dinkie Heel
Hiltons Footwear
J. B. Holdings
Jove Inv. Trust
DIVIDEND & INTEREST PAYMENTS—
AAH 6pcPf. 2.1pc
AFV Ln. 5¾pc
Aeronautical General Instruments 5.5p
Albright and Wilson Db. 3pc
Allied Breweries Dbs. 1⅞. 1⅞. 2⅞. 2⅞. 2¼. 5. 3⅛ (87-92). 5⅛ (84-88). 5⅞. 3⅞. Db. 2⅛pc. Lns. 2⅞. 2⅞. 3⅛. 3¼. 3⅞pc
Allied Textile 2.82p
American Trust Db. 3⅛pc
Anglo-American Securities Db. 2pc
Arpas Press 7½pcPf. 2.825pc
Armitage Shanks 2.9p
Ashton Bros. Deb. 2¼pc
Associated Biscuit Mnfrs. Deb. 3pc
Associated British Foods 6pcPf. 2.1pc
Associated Communications Corp. A 4.9p
Associated Leisure 3.3p
Atlas Electric General Tst. 5pcPf. 1.75pc
Australia 5pc Reg. 1981-82 2½pc
BOC Intnl. 2.1p
BPC 4.2pcPf.. A Pf. B Pf. 2.1pc. 5.25pcPf. 2.625pc
Baker Perkins 7pcPf. 2.45pc
Baldwin (H. J.) 7pcPf. 2.45pc
Beaumont Properties 1.5p
Benford Concrete Machinery 0.875p
Benn Bros. 2.3p
Berry Pacific Fund 39 cts
Bevan (D. F.) 1.2p
Birmingham 8pcRed. 1979-81 4pc
Birmingham District Invest. Trust 4½pcPf. 1.575pc
Black Arrow 1.6p
Blackett Hutton Ln. 2⅞pc
Blundell-Permoglaze 1.6p
Boardman (K. O.) Intnl. 5½pcPf. 1.925pc
Boddingtons Brewery 1.4p
Bradford 3⅛pc 1972-82 1⅛pc
Brady Industries Ord. and A Ord. 2.75p
Braithwaite Engineers 7½pcPf. 4p
Bridon 7pcPfd. 2.45pc
Bristol Waterworks 7pcRed.Pf. 1984 5.5pc. 8pcRed.Pf. 1884 4pc
British Electric Traction Dfd. 5.709p. Deb. 2½pc
Brotherhood (Peter) 1p
Brownlee 5pcPf. 1.75pc
BulmerLumb 5pcPf. 1.75pc
Burton Group Ln. 4. 4⅞pc
Caffyns 6½pcPf. 2.275pc. 10pcPf. 5pc
Canadian Foreign Invest. Trust 5½pcPf. 1.925pc
Cape Industries Ln. 5⅛pc
Cassa Per Il Mezzogiorno 8¼pcGtd. Bds. 1984 3⅞pc
Cedar Invest. Trust 5pcPf. 1.75pc
Cement Roadstone Deb. 4pc
Centrovincial Estates 1p
Charter Consolidated Deb. 2¼pc
Chilean 4½pc (now 3pc) 1895 (assd. 1948) 1½pc. 4½pc (now 3pc) Bds. Law 7th Scot. 1810 1½pc
City Office 1.3p
Clayton Dewandre Db. 6pc
Coghlans 6pcPf. 2.8pc
Colne Valley Water 5.5pc (fmly. 5pc) 1.75pc. 4.9pc (fmly. 7pc) 2.45pc. A 7pc (fmly. 10pc) 5.5pc. C 7pc (fmly. 10pc) 5.5pc. 8pcRed.Pf. 1983 4pc. 8pcRed.Pf. 1984 4pc. 4.2pc (fmly. 6pc) Red.Pf. 1978-83 2.1pc. 2.8pc (fmly. 4pc) Cons.Pf. 1.4pc. 4.025pc (fmly. 5¾pc) Red.Pf. 1988-93 2.0125pc. 4.55pc (fmly. 6½pc) Red.Pf. 1982-87 2.275pc
Continental Union Trust 5pcPf. 1.75pc
Conversion Loan 3½pc 1¾pc. Do. 1¾pc
Corporation of London 8¼pc 1984-85 4⅛pc. 3pc 2907 1½pc
County and District Props. 1.1704p
Courtaulds Knitwear 7½pcPf. 2.625pc

Craig and Bose 5pcPf. 1.75pc
Crown House 3p
Crown Zellerbach 57.5cts
Cumulus Investments Tst. Debs. 3⅞. 3½pc
Currys 6½pcPf. 2.275pc
Daily Mail General Trust 5pcPf. 1.75pc
Dalgety Debs. 3⅞. 3. 3¼pc
Diamond Stylus 0.5949p
Downing (G. H.) 6p
Drake and Scull Hldgs. 5.6pcPf. 2.8pc
Drayton Premier Invest. Tst. Deb. 2pc
Dura Mill 3p
Dyson (J. and J.) Ord. and A 2.5p
East Anglian Water 3.5pc Ord. Stk. 1.75pc. 3.5pc Cons. Ord. Stk. 1.75pc. 7pcPf. 3.5pc. 9pcPf. 4.5pc. Debs. 1⅞. 2. 2⅞. 3⅞. 3¼. 4½pc
Eastbourne Waterworks 8pcRed.Pf. 1985 4pc. 4.2pcPf. 2.1pc. 9pcPf. 4.5pc
Electric and General Invest. Deb. 3¼pc
Electrocomponents 5.25p
English and Dutch Invests. Pf. 2½ (1). 2¼ (2) pc
English and Intnl. Trust Deb. 2¼pc
Ennia N.V. D.Fl. 4. Do. D.Fl. 4
Eva 6pcPf. 2.1pc
Extract Wool Pf. 2.1pc
Fairdale Textiles 5pcPf. 1.75pc
Ferranti 3.5pc 2ndBnd.Pf. 1.75pc
Fife 3.5pc 2ndRed.Pf. 1.225pc
Fife Forge 1p
First Chicago 30cts.
First Scottish American Tst. 1.3p
Firth (G. M.) (Metals) 1.5p
Fitch Lovell 3.71p
Fobel Intl. 1.2p
Foreign and Colonial Invest. Tst. 1.25p
G.E.C.-Elliott-Automation Debs. 5¼. 6½ (81-86) 6½ (89-94)
Garford-Lilley 0.9p
Gaskell Broadloom 1p
General Consolidated Invest. Tst. 5½pcPf. 1.925pc
General Electric 5.25p
General Investors Trustees Deb. 1¾pc
General Telephone Electronics 68cts
Glass Glover Group 0.5p
Glaxo Group Ln. 3¼pc
Glossop (W. and J.) 2.828p
Gordon and Gotch 4.5p
Granada Grp. A 1.584p
Grand Metropolitan 4¼pcPf. 1.6825pc. 7½pcPf. 2.625pc
Greek 4pc Rentes 1889 2pc. Stlg. Fdg. Bds. of 1985 2pc. 4pcLo. 1919 2pc. Stlg. Fdg. Bds. of 1965 2pc
Greenwich 11¼pc Red. 1985 5⅞pc
Grindlays 1.25pc
Guardian Invest. Tst. 4½pcPf. 1.575pc. 5pcPf. 1.75pc
Hallite 5.25p
Hambro Trust 2.52p
Hardys and Hansons 6pcPf. 2.1pc
Hawley Leisure 9.8p
Hazlewood Foods 4.35p
Heron Motor Group 9.92p
Hicking Pentecost 5.8p
Higsons Brewery 3¼pc
Hill (Philip) Invest. Tst. 5¼pcPf. 1.8375pc
Hollas Group 4p
Howden 2.27p
Hull 2½pc Red. 1¼pc. 5½pc (2nd) 1¾pc
I. C. Industries 50 cts
Illingworth Morris Ord. and A Units No final dividend for year to 31/3/80. 8½pc Pf. and 2nd Pf. 2.275pc
Imperial Ln. 2⅞pc
Imry Property 5p
Independent Investment 7pcPf. 2.45pc
Industrial and General Tst. 4½pcPf. 1.575pc
Industrial Newspapers 8pcPf. 2.1pc
Initial Services 5.25p. 5.85pcPf. 2.975pc
International Telephone and Telegraph Corpn. 80cts.
Jacksons Bourne End 3p
Jamaica 8¼pc 1981-83 4⅛pc
Jamaica Public Service Db. 3¼pc
Johnson Cleaners 2pcDb 2⅞pc
Johnson Matthey 5pcPf. 1.75pc
Keep Investment Trust 0.15p
Kenning Motor 1.75p
Kuala Lumpur Kepong Bhd 10cts
L.R.C. Intl. 1.75p
Lambert Howarth 1.15p
Lanarkshire 6pc Red. 1978-80 3pc
Laurence Scott 0.1p
Law Debenture 2.5p
Lee Valley Water 3.5pc (fmly. 5pc) Red. Pf. 1979-81 1.75pc. 4.55pc (fmly. 6½pc) Red. Pf. 1982-85 2.275pc. 5.95pc (fmly. 8½pc) Red. Pf. 1995-1997 2.975pc. 8pc Red. Pf. 1886 4pc. 8pc Red. Pf. 1982 4.5pc
Lewis's Invest. Tst. Db. 5¼pc
Liverpool 3½pc Irred 1¾pc. 3pc Red. 1½pc
London and Holyrood Tst 5pc Pf. 1.75pc
London and Midland Industs. 4.65p
London Cremation 10pcPf. 3.5pc
Lovell (Y.J.) 2p
Lowe (Robert H.) 9.665p
Macarthys Pharmaceuticals 4.5p
McCorquodale Db. 1⅛pc
Magnet and Southerns 4.5p
Mallinson-Denny 4.2pc Pf. 2.1pc
Marshalls (Halifax) 7p
Menzies (John) 6pcPf. 2.1pc. 9pcPf. 4.5pc
Metal Box 4.9pcPf. 2.45pc
Metropolitan Trust 4½pcPf. 1.575pc. 5pc Pf. 1.75pc. Db. 1⅛pc
Metropolitan Water Bd. Lambeth W.W. 5pc Rnd. Db. 1½pc. London Bridge Anns (£2.59) 1½pc. (A) 1½pc
Mid Kent Water 8pc Red. Pf. 4pc. 8pc Pf. 4.8652pc. 7pc Red. Pf. 5.5pc
Minster Assets 5pcPf. 1.75p
Mitchell Cotts 8½pc
Mitchell Somers 1.75p
Morgan Crucible 5½pcPf. 1.925pc. 5pcPf. 1.75pc
Morton Sundour Fabrics 5pcPf. 1.75pc
N.M.C. Invests. 1.57p
HSS Newsagents £2.77
Nineteen Twenty-Eight Invest. Tst. Dbs. 2. 3. 3¼pc
Norfolk Capital 0.5p
North Surrey Water 7pc 5.5pc. 4.9pc A 2.45pc. 4.9pc B 2.45pc. 3.5pc 1.75pc. 3.5pc (fmly. 5pc) 1.75pc. 3.15pcPf. 1.575pc. 3.5pcPf. 1.75pc. 3.85pcPf. 1.925pc. 3.15pcRd.Pf. 1980 1.575pc. 3.85pc (fmly. 5¼pc) Rd.Pf. 81-83 1.925pc. 3.85pcRd.Pf. 1983 1.925pc. 3.65pcRd.Pf. 1984 1.925pc. 4.2pc (fmly. 6pc Rd.Pf. 84/86 2.1pc. 4.55pcRd.Pf. 80/81 2.275pc. 5.425pc Rd.Pf. 86/88 2.1725pc. 10pc Rd.Pf. 1983 2.71pc
Northern American Tst. Debs. 1¾. 2pc
Northern Ireland Electricity 5½pcGtd.Stk. 79-82 2¾pc
Nova (Jersey) Knit
Paisley 8¼pc 82-84 4⅛pc
Peninsular. Oriental Steam Navigation 5pc Pfd. 1.75pc
Port of London 3½pc 49-99 1¾pc
Portsmouth 3½pcRd. 72-82 1¾pc
Portsmouth Water 2.1pc (fmly. 3pc) Pf. 1.05pc. 3.5pc (fmly. 5pc). Rd.Pf. 1.75pc. 3.85pc (fmly. 5½pc) Rd.Pf. 81-83 1.925pc. 4.025pc (fmly. 5¾pc) Rd.Pf. 84-86 2.0125pc. 4.55pc (fmly. 6½pc) Rd.Pf. 82-84 2.275pc. 8pcRd.Pf. 1981 4pc. 8pcRd.Pf. 1984 4pc. Debs. 1½. 1¾. 3½. 8pc
Preedy (Alfred) 2.6p
Priest (Benjamin) 5.1p
Property Security Inv. Tst. 1.3p
Provincial Insce 10pc Pf. 3.5pc. 25pcPf. 8.75pc
Queens Moat Houses 5pcPf. 1.75pc
Ransome Rapier Deb. 3pc
Ransome Hoffmann Pollard 7pcPf. 2.45pc
Reading 3½pc 1¾pc
Redemption 3pc 86-96 1½pc
Rediffusion 4pcPf. 1.4pc
Redland Debs. 3¼ (90.83) 3¼ (88-93) pc
Reed (Austin) 8pcPf. 2.8pc
Republic New York 28 cts.
Rickmansworth. Uxbridge Valley Water 7pcRd.Pf. 1985 3.5pc. 4.9pc (fmly. 7pc) Pf. 87-88 2.45pc. 9pcRd.Pf. 1988 8.835pc. 2.8pc (fmly. 4pc) Cons.Pf. 1.4pc. 4.025pc (fmly. 5¾pc) Rd.Pf.1928-1983 2.0125pc. 4.55pc (fmly. 6½pc) Rd. Pf. 1980-81 2.275pc. Deb. 2 2¼ 3⅛ 3¼ 7½pc
Rio De Janeiro (State of) 5½pc Cnv. (Stlg.) Ln. Bds. Plan A (1¼pc) 2¼pc
River. Mercantile Tst. 5p
St. Andrews Tst. 2.5p
Sangers Grp. 4.58p
Savoy Hotel Ln. 4¼pc
Scottish Cities Invest. Tst. 5pcPf. 1.75pc
Scottish Eastern Invest. Tst. Deb. 2½pc
Scottish Ontario Invest. 5pcPf. 1.75pc
Securities Issued by the Inter American Development Bank 5½pc 79-84 2¾pc
Sennah Rubber 40p
Shell Transport. Trdg. 5½pcPf. 1.925pc
Siebe Gorman 4.75p
Single Grp. 7½pc (88-91)
Smallshaw (R.) (Knitwear) 9.5p
Sobranie H.V. 1.15p
Sound Diffusion 1.95p
South Staffordshire W.W. 9¾pcPf. 1.6989pc
Southampton 8pc Stk. 1981 3pc
Spanish 4pc (Sealnd Bds.) 2pc
Sphere Investment Tst. 5pcPf. 1.75pc. Debs. 1½ 2¼pc
Stead. Simpson Deb. 2¼pc
Sterling Tst. Debs. 3 3¼pc
Stewart Wight 8pcPf. 2.1pc.
Stroud Riley Drummond 6½pcPf 2.1pc
Sunderland South Shields Water 3.5pc (fmly 5pc) Cons. Ord. 1.75pc. 3.5pc (fmly 5pc) Ord. 1.75pc. 2.8pc (fmly 4pc) Cons. Pf. 1.4pc. 3.5pc (fmly 5pc) Red. Pf. 80-81 1.75pc. 3.85pc (fmly 5½pc) Red. Pf. 8 83 1.925pc. 4.2pc (fmly 6pc) Red. Pf. 86-88 2.1pc. 4.55pc (fmly 6½pc) Rnd. Pf. 82-84 2.275pc. 8pc Red. Pf. 1981 4pc. 8pc Rnd. Pf. 1986 4pc. 9½pc Red. Pf. 1985 1.692pc
Sutton District Water 10pc Red. Pf. 1983 5.175pc
Syltone 7.2p
Taylor Woodrow 3.15p
Thwaites (Daniel) 5pcPf 1.75pc
Tomkins (F.H.) 0.775p
Treasury Stk. 2½pc 1¼pc. 9¾pc 1981 3⅞pc
Trust Union 4½pc 1.575pc
Trustees 3.15pcPf. 1.575pc. Debs. 1⅞. 3¼pc
Trusthouse Forte 2.25p
Tube Investment Ln. 2⅞pc
Unigate 5.7p
Unilever Deb. 2pc. Deb. 3⅞pc
Unilever N.V. 8¼pc Bds. due 1987 4⅛pc. Pf Sub. 3pc. Pf. Sub. 3½pc. Certs. to Br. issued in respect of 7pc Pf. Sub. (DF11000) 3½pc. Certs. to Br. issued in respect of 7pc Pf. Sub. (DF1100) 3½pc
Union International 8pcPf 2.1pc
Unitech 3.99p
United Energy Resources 38 cts.
United Gas 3.5p
United Kingdom Property 0.525p
United Scientific 4p
Valor 1.891p
Valparaiso (Chile) (City of) 5½pc (now 5pc) Water Ln. 1912 1½pc
Vantage Securities 0.25p
Vantona 3p
Vickers 5pc 1.75pc. 5pcPf 1.75pc. 5pc (tax free) Pf. 2.5pc
Vinten 1.8p
Waddington (John) 6.68p
Wade Potteries 4.2pcPf 2.1pc
Waldorf Stationery Greeting Cards 8pcPf 2.1pc
Ward 1.19p
Ward (Thos. W.) Ln. 3¼pc
Warner Holidays A 1.75p
Webb (Joseph) 0.4309p
Webster (Samuel) Db. 3pc
Wedgewood 5pcPf 1.75pc
West Hampshire Water A (10pc Max) 3.5pc. B (4.9pc Max (fmly 7pc) 2.45pc. 3.5pc (fmly 5pc) 1.75pc
Whitbread 5½pcPf 1.925pc. Db 3. 3½pc. Ln 2⅞. 3⅞pc
Wigan 3pc Rd. 1½pc
Wiggins Construct 0.95p
Wilkinson Match 4.5p
Williams Hudson 8pcPf 2.8pc. 4½pcPf 1.575pc
Witan Investment Db. 3¼pc
Witter (Thomas) 0.7p
Woodhouse Rixson 0.9p
York Waterworks 9pc RdPf. 1980 2.25pc

THURSDAY, OCTOBER 2

COMPANY MEETINGS—
Asscd. British Eng., The Meeting House, Glasgow, 12.00
Boardman (K. O.) Intnl., The St. James's Club, St. James's House, 7, Charlotte Street, Manchester, 12.00
City of London Brewery, Winchester House, 77, London Wall, EC, 2.30
Davy Cpn., Cavendish Conference Centre, Duchess Mews, Duchess Street, 12.00
Dowty Group, Arle Court, Cheltenham, Gloucestershire, 11.30
Gnome Photographic, Park Hotel, Park Place, Cardiff, 11.30
Grant Bros., 14-32, High Street, Croydon, Surrey, 12.00
Grimshawe, Waldorf Hotel, Aldwych, EC, 12.00
Moss (Robert), 333, Banbury Road, Oxford, 3.30
Mountleigh, Leigh House.
Norton and Wright, Queen's Hotel, Leeds, 12.00
Owen and Robinson, Swinegate, York, North Yorkshire, 3.00
Wagon Industrial, Midland Hotel, Birmingham, 11.00

BOARD MEETINGS—
Finals:
Macallan-Glenlivet
Sharpe (Charles)
Interims:
Anglo American Inv. Trust
Beaufort
City of London Brewery and Inv. Trust
[illegible]
F. C. Finance
Reed (Austin)
Revertex Chemicals
Solicitors' Law Stationery Society
Wolstenholme Rink

DIVIDEND & INTEREST PAYMENTS—
Avana 3p
Baynes (Charles) 0.4p
Bond Street Fabrics 1p
British American and Gen. Tst. 0.925p
Clarke (T.) 0.63p
Clay (Richard) 1.6p
Country and New Town Props. 0.55p
Ex-Lands 0.56p
Group Investors 1.8p
Macdonald Martin Distilleries A 3p. Do. B 1.5p
Moss (Robert) 0.898p
Pleasurama 2p
Provincial Cities 1.29p
Rexmore 3.451p
Rothmans Intnl. B 2.11p
Routledge and Kegan Paul 3.2p
Sears Roebuck 34cts.
Sommerville (Wm.) 3.96p
Steinberg 0.7798p
Warnford Inv. 5p
Western Selection and Dev. 1p

FRIDAY, OCTOBER 3

COMPANY MEETINGS—
Copson (F.), Penshall Hotel, Sutton Coldfield, 12.30
Malaysiam Tin, Cheapside House, 138, Cheapside, EC, 12.00
Securities Centres, 15, Christopher Street, EC, 12.00
Smith (David S.), Kingsley Hotel, Bloomsbury Way, W, 12.00
Stavert Zigomala, Harvester House, 37, St. Peter Street, Manchester, 12.00
Trafford Carpets, Mosley Road, Trafford Park, Manchester, 12.00

BOARD MEETINGS—
Final:
Scottish Metropolitan Property
Interims:
Ibstock Johnsen
Lyle Shipping
Nesco Invs.
North British Canadian Inv.
Sparrow (G. W.)
Tanks Consolidated Invs.
Ward White

DIVIDEND & INTEREST PAYMENTS—
Berisford (S. and W.) 3.25p
Bibby (J.) 2.2p
British Aluminium 5.5p
Cement Roadstone 2.1p
Central American Bank for Economic Integration Fltg. Rate Serial Notes due 1994 1932.55$US
City Acre Property Inv. Tst. Deb. 8¼pc
Copson (F.) 1.2p
Cowan De Groot 2.5p
Davy Corp. 4.7p
De La Rue 3½pc. Prf. 1.225pc
Dreamland Electrical 0.35p
Ellis and Everard 4p
English and New York Tst. 1.75p
Gnome Photographic Products 4.15p
Gold Fields of South Africa 148.8411
Gold Fields Property 5.51238p
Grant Bros. 2.382p
London and Lomond Invest. Tst. 1.6p
Mercantile Invest. Tst. 9.72p
Midland Bank 7.5pc.
Moorgate and Mercantile 0.75p
Neil and Spencer 1.4p
New Witwatersrand Gold Exploration 12.12779p
Noble and Lund 0.175p
Nolton 2.7p
Norton and Wright 3.1893p
Owen and Robinson A and B 14p
Renwick 2p
Scott (David) 0.6p
Sekers International 1.55p
Squirrel Horn 0.75p
Thorn EMI 19.575p
Victor Products (Wallsend) 10pc. Prf. 5pc
Wagon Industrial 6P
Woolworth (F. W.) and Co. 1.225p

SATURDAY, OCTOBER 4

DIVIDEND AND INTEREST PAYMENTS
Burtonwood Brwy. (Forshaws) 7pcPf. 2.45pc

SUNDAY, OCTOBER 5

DIVIDEND AND INTEREST PAYMENTS
Agricultural Mortgage Corp. Variable Rate Bds. 6pcDb. (1982-87) 3pc
Anglo Intnl. Inv. Trst. Annuities 2⅞, 1¾pc. 2½pc 1¼pc
Bradford Ppty. Trst. 10½pcPf. 5.25pc. Ln. 3½pc
Consolidated Stk. 1¼pc
Eng. Intnl. Trst. Ln. 3½pc
Grtr. Lndn. 9¼pc (1980) 4⅝pc
M and G Austin. Gen. Fund Inc. Units 9.35pc
Metro. Water Bd. Grnd. Junction W.W. 3pcDb. 1.5pc. West Middlesex W.W. 3pcDb. 1.5 pc
Treasury Ln. 8pc (2002-06) 4pc
Treasury Stk. 3pc 1.5pc

APPOINTMENTS

New joint secretary for Prudential

Mr. Brian Medhurst has been appointed joint secretary and chief investment manager of the PRUDENTIAL ASSURANCE COMPANY. He succeeds Mr. Peter Moody, who retires on December 31, and will be proposed for election to the Board at the next annual meeting.

★

CHASE MANHATTAN LIMITED, the London-based merchant banking subsidiary of the Chase Manhattan Bank, has appointed Mr. Richard D. Banz, Jr., formerly manager, fixed income sales at Morgan Stanley International, to become associate director, Eurobond placements services business comprising Baric, Dataskil and education and training. Mr. R. V. Holley will be director of services group.

Mr. Richard Banz, Jr.

★

Following its takeover by Marsh and McLennan of the U.S., the world's largest insurance broker, C. T. BOWRING of the UK has announced another series of Board changes. With effect from August 14 Mr. James Macdonald, Mr. Richard Craig and Mr. John Ramplin have become directors. Following the planned sale of SINGER AND FRIEDLANDER, Bowring's merchant banking operations, to European Ferries, Mr. A. N. Solomons and Mr. Peter Brackfield have resigned as directors with effect from September 19.

★

Captain Tom Price has been appointed director of ground operations for BRITISH AIRWAYS HELICOPTERS based at Gatwick. He was formerly the BAH manager at Aberdeen. Captain Michael Evans has been appointed director of flight operations, based at Aberdeen. His former post as flight operations manager is being taken over by Captain Keith Gregson. Captain Don Haggett has been appointed special projects co-ordinator, with special responsibility for long-term planning. He will be based at Beccles.

★

Mr. T. M. Clark has been appointed senior manager, industry services, LLOYDS BANK INTERNATIONAL. He will be responsible for aircraft and ship finance and for establishing LBI's international overseas leasing operations. Mr. Clark is a director of Lloyds Leasing and was formerly chief manager of that company. Mr. A. Barnes, formerly deputy chief manager, has been appointed chief manager, Lloyds Leasing.

★

Mr. David Laughton has been appointed to a newly-created post as director of interregional activities at the EUROPEAN MANAGEMENT FORUM in Geneva.

★

Mr. K. G. Addison, deputy chief general manager of the Sun Alliance and London Group, has been elected president of the CHARTERED INSURANCE INSTITUTE. He took over the presidency from Mr. R. K. Bishop, chief general manager and a director of the Phoenix Assurance Company. Mr. T. Roberts, general manager (UK), General Accident Fire and Life Assurance Corporation, was elected deputy president.

★

Service dealer Kentrucks of Walpole St. Andrew, near Wisbech, has become Renault trucks and buses main dealer following a merger with Derek Jones (Commercials), Kettering, and is now trading as DEREK JONES COMMERCIALS (EASTERN). The new board consists of Mr. Derek Jones (chairman) and Mr. Ken Jones (managing director), who are not related.

★

Mr. Jean-Jacques Flechter has been appointed deputy general manager of SOCIETE SUISSE POUR L'INDUSTRIE HORLOGERE MANAGEMENT SERVICES SA, Bienne, the parent company of the SSIH Watch Industry Group. At the same time Mr. Boris Zuckermann and Mr. Pierre Robert have been made managers of the company.

★

Dr. Jacques E. Mueller, who has been responsible for the management of the Zurich-based INTERSHOP HOLDING AG since its foundation, has been elected to the company's board as managing director.

★

Mr. Trevor E. Church has been appointed manager of aviation for AMERICAN INTERNATIONAL UNDERWRITERS (LONDON). He retains his appointment as vice-president. Mr. Martin Stevens is appointed manager — London brokered aviation account.

★

The Minister of Housing and Construction, has made the following appointments to the council of the AGREMENT BOARD, to serve from October 1: Mr. W. A. Allen, partner, Bickerdike Allen Partners; Mr. C. Hobbs, John Laing Research and development, group scientific adviser; Mr. G. C. Jones, chief executive and town clerk, Gillingham Borough Council; Mr. J. D. Richards, partner, Scottish office of Robert Matthew Johnson-Marshall and Partners; Rear-Admiral D. C. Spickernell, technical director, British Standards Institution; Mr. J. Turner, chairman, E. Turner and Sons, Cardiff; and Mr. G. White, director, Redland.

★

Mr. Cyril Dyke has been appointed to the board of KVERNELAND (UK), Rotherham, as managing director.

★

YEOMANS has appointed Mr. Tony Beanrain, as commercial director.

★

ICL (International Computers) has made the following changes from October 1: Mr. P. V. Ellis, deputy managing director, becomes responsible for the worldwide marketing group; Mr. L. C. Cole takes charge of the central direction of operations of major subsidiaries in Australia, France, Germany, North America and South Africa, as executive director, reporting to Mr. Ellis.

A separate services group is being established to manage

★

HS ELECTRICAL CONTRACTORS, a subsidiary of Harland Simon (1980), has appointed Mr. A. Webb, managing director and Mr. F. Taylor sales director.

★

Mr. Douglas Eaton has joined SANDMAN CHEMICAL ENGINEERING as an associate director.

★

Mr. R. G. Capper, has been appointed a non-executive director of JAMES FINLAY AND CO. He remains managing director of James Finlay Corporation.

★

GENERAL FOODS, Banbury, has appointed Mr. David Soffe as managing director from January 1, 1981. A former sales director at Banbury he has spent the past four years as general manager with General Foods in Spain, Sweden and Germany. The present managing director, Mr. David Hurwitt, becomes managing director with GF France on the same date.

★

Mr. Richard Lewis, managing director of Chetwynd Streets (Midlands), Leicester, has been appointed to the board of CHETWYND STREETS (HOLDINGS).

★

AIR EUROPE, has appointed Mr. Stephen Carter as chief accountant.

★

State Street Boston Corporation has opened a branch in London, to be known as STATE STREET BANK AND TRUST COMPANY, securities service division, and Mr. Derrick H. Stubbs has been appointed manager.

★

Mr. K. Buckland has been appointed marketing director of HEATEK SERVICES, Gloucester.

★

Mr. Brian Walker has joined UNITED LEASING, IBM leasing company, in the newly-created post of UK sales manager.

★

Mr. Francis (Frank) A. Juliano has been named president, customer service division, MICRODATA CORPORATION U.S.

★

Mr. Philip Bayliss, at present actuary group services with LEGAL AND GENERAL ASSURANCE SOCIETY becomes assistant general manager (international) from November 1.

★

HAWKER SIDDELEY has made the following group appointments: Mr. G. Penney joins the board of Crompton Parkinson Stud Welding. Mr. A. F. G. Sharples has been appointed to the board of Gloster Saro. From October 1, Mr. D. A. Beese becomes financial director of R. A. Lister and Co.; Mr. W. B. Irvine, financial director of Hawker Siddeley Power Plant and Hawker Siddeley Marine; and Mr. D. J. Bassett, general manager of R. A. Lister Agriculture and chairman of its subsidiaries, William Aitkenhead, R. A. Lister Farm Equipment and Lister Farm Sales.

★

Senior Army appointments from December 1980 are Major General R. K. Guy to become Military Secretary, Ministry of Defence, in the rank of Lieutenant General, in succession to Lieutenant General Sir Robin Carnegie. Major General T. L. Morony is to be Vice-Chief of the General Staff, Ministry of Defence, in rank of Lieutenant General, in place of Lieutenant General Sir John Stanier. Major General R. F. Richardson will be Vice-Adjutant General/Director of Manning (Army), Ministry of Defence, replacing Major General M. J. Tomlinson.

★

Mr. William Davis is leaving the TRAFALGAR HOUSE Publishing Division, of which he is a director, on January 1, to concentrate on his own publishing company, Headway Publications. He will continue to write for Financial Weekly. Mr. Davis is editor and publisher of High Life.

CONTRACTS AND TENDERS

TRAVEL

PERSONAL

Building and Civil Engineering

£15m road award to Balfour Beatty

WORK IS to start soon on another section of the M25.

Balfour Beatty Southern Construction Division (BICC Group) has been awarded the £15m contract by the Department of Transport South Eastern Road Construction Unit. It covers the Yeoveney to Poyle section, between north Staines and Poyle, just to the west of Heathrow Airport.

The works will involve 2km of dual four-lane motorway with about 1km of dual and three-lane motorway, and an associated spur road consisting of a dual two-lane layout just over 1km long.

An interchange at Poyle will be of the normal elevated roundabout type with slip roads connecting to the motorway; at the junction of the A3044 the existing roundabout is to be reconstructed.

Two large bridges and nine smaller structures are included, together with lighting, signing, motorway communications and other ancillary equipment.

£3½m job for Myton

CONSTRUCTION of a two-storey computer building with ancillary buildings for the Post Office at Sandridge, near St. Albans, Hertfordshire, is to be undertaken by Myton (Taylor Woodrow Group).

Architect for the £3½m project is Kenneth Pring and Associates; consulting engineer, Cooper McDonald and Partners; and quantity surveyor, Samuel Leigh and Partners.

The block will cover some 68,000 sq ft. It will be built with a reinforced concrete frame at ground floor level with a structural steel frame for the first floor and roof. Work will be completed in early 1982.

Awards to Ernest Ireland

WORK HAS just been started by Ernest Ireland Construction (Mowlem Group) on a 62,000 sq ft superstore for Tesco at the Yate Shopping Centre near Bristol.

In addition, 10 shops, seven two bedroom flats and car parking for 1,350 vehicles are to be provided under the £2½m contract. The architects are Stone Toms and Partners and completion is due in about a year.

The company has also won four civil engineering contracts in the West of England totalling about £1.6m.

Largest project is a £900,000 flood alleviation scheme on tha River Cam and a tributary, for the Severn Trent Water Authority. Work has started on this and involves widening and deepening the river and the Wicksters Brook along a 12.5 km length to increase flow and water capscity. Excavated material will be used to improve embankments and other work comprises building a pumping station and river gauging station, installing a thrust-bore culvert, underpinning bridge abutments, providing four new access bridges and seven footbridges and culvert crossings.

Another flood alleviation job is at Trowbridge, Wilts., for the Wessex Water Authority (£600,000) and is the first of a two-phased project to improve the flow of the River Biss through the town.

County Bridge, which carries the A367 Bath-Shepton Mallet road in the centre of Radstock, is heing replaced for Avon County Council under a contract worth £190,000 and Somerset County Council has awarded a £114,000 contract for the stabilisation of an 80-metre section of the main south wall at Bridgwater Dock.

Saudi Arabian expressway

TENDERS HAVE now been received by the Saudi Arabian Government for construction of the eastern section of the Jeddah-Riyadh-Dammam Expressway designed by British consulting engineers Ove Arup & Partners.

Total length of this section is over 630 km of which 250 km follow an existing road to the west of Riyadh, while the remaining 380 km stretch across open desert and oilfields between Riyadh and Dammam.

The Expresswsy was required to be a grade-separated dual carriageway designed to 120 km an hour motorway standards with fly-overs and strictly limited access.

This involves the provision of 57 hridges, most of which are connected with the interchanges that lie along the Expressway, and vary from high standard free-flow connections with other major roads to simpler forms providing access to some of the major desert tracks and the facility to make safe " U " turns.

The entire project has alao inclnded the design of a highly complex urban expressway which will connect the major development areas of Riyadh with the main trans-Arabian Expressway between Jeddah and Dammsm. This urban expressway will be a six-lane divided highway with frontage roads and underpasses to speed through-traffic past junctions dealing with large volumes of local traffic.

Preparation of the project designs presented a numher of problems for the engineers—the Expressway traverses greatly differing terrains (from rock outcrops to sand dunes) and the lstter necessitated investigation of the hest aerodynamic form for the rosd cross section to obviate wind blown sand from drifting on to the Expressway.

Availability of suitable road construction materials also posed difficulties, and these had to be sought within resch of the Expressway site. Adequate houndary fencing was necessary to prevent camels, sheep and goats from straying into the path of high speed vehicles and the new carriageways had to he created to support very heavily laden lorries csrrying cement and numerous other commodities from the port and industrial sreas of Dammam to Riyadh.

Computers have heen used extensively in the design of this project—many of the road drawings having heen plotted entirely hy computer. The engineers sav this was necessary in order to optimise the efficiency and speed of the design procesa and to allow complation within the dstes specified.

£9m bus garage by Boot

SOUTH YORKSHIRE Passenger Transport Executive has awarded a contract worth more than £9m, for the construction of a new bus garage to serve the Rotherham area, to Henry Boot Construction.

With room for 160 buses, the works include the main single-storey garage with maintenance workshops, offices, dining room, boiler house, stores and ancillary buildings totalling 20,900 sq. metres.

Henry Boot Construction has also won an £800,000 contract for Phase 3 of the Hamilton, Lanarkshire, town centre shopping development from Copthall Holdings, Hayes, Middlesex. Work includes the erection of a two-storey retail store and 11 two-storey shops. The work is scheduled for completion next June.

Leech busy on housing

TWO PRIVATE residential projects worth a total of nearly £7m are being undertaken by Leech Homes (North West) in Lancashire.

Work bas started at Accrington on a £4.6m development comprising more than 200 homes. At Clayton-le-Wooda, nearly 90 units will be huilt in two phases at a cost around £2.3m.

Roads and sewers are presently undar construction at the 20-acre Accrington site and the first 212 units should he completed early next year. These homes will he in the £20,000 to £35,000 price range. Work on the Clayton-le-Woods project starts next month.

Shoots a line safely

PRODUCTION WILL start soon on what is said to be a thoroughly and successfully prototype compressed air lsuncher, the AL-80, announces Plumett, West Grinstead, Horsham, West Sussex (040386 310).

The launcher is suggested for a variety of tasks including grapnel/anchor throwing, a fast deployment of lifting parachutes, lsunching flares or decoys and firing anchoring spikes in the ground.

The company's ohjective has been to create a low cost, versatile and efficient line launcher for marine and land use which can be operated in utter safety even in explosive atmospheres.

It says that compressed air is not only safe, hut also has sufficient energy to throw a 5.5 mm line 280 metres.

The actual production units are promised to operate at a higher pressure than the prototype and will, therefore, have a significantly increased performance, says Plumett.

Glasgow road interchange

STRATHCLYDE Regional Council has awarded a £4m contract for stage two of the Townhead Interchange to Whatlings (Civil Engineering), Glasgow. Besides the building of 1,050 metres of dual carriageway, slip-roads and surface streets the contract includes a hridge with five continunus reinforced concrete spans and a single-span bridge.

Whatlings will be responsible for four retaining wslls, sign gantries, high mast lights and parapets. It will also co-ordinate major diversions in Glasgow's puhlic utility services and a road system to carry heavy traffic while the interchange, at the junction of the M8 and the A803 from Glasgow to Kirkintilloch, is under construction. Work is scheduled to being in November and to be completed in January, 1983.

£3m shopping complex

A CONTRACT worth over £3m, to build a shopping complex at Loughborough—off the A6 trunk road between Leicester and Nottingham—has been awarded to Y. J. Lovell (Midland).

Work has started on the project, known as the Gorse Covert Centre, on a greenfield site in Maxwell Drive. The development comprises four sections: a superstore, a single-storey community centre, seven shops with flats above and a filling station. The contract also includes fitting out the superstore, provision of loading bays, car parking and landscaping.

Architects for the project are Essex Goodman and Suggitt. Consulting engineers are John Ward and Partners and the quantity surveyors are John Evers and Partners.

Roads and sewers work

UNDER A second contract valued at about £1m, Mears Contractors will continue work for Hampshire County Council at the Segensworth West Employment Area (Phase 1B).

Operations started last month when the company began removing some of the 10,000 cubic metres of earth included in the work which also involves the construction of 22 km of roads and 4 km of drainage up to 6½ metres deep with pipe sizes ranging from 150 mm to 900 mm in diameter.

Laing prepares for £7m project

THE FIRST phase of an industrial development by The Boots Company is now under way on the Windmill Industrial Estate near Cramlington, Northumherland, following a management contract worth about £7m swsrded to Laing Management Contracting.

The 90-acre site is adjacent to the main London-Edinburgh railway line and is within a mile of the A1 trunk road. The initial phase of the contract involves extensive excavation—partly through rock—and earth-moving to prepare the site.

Landscaping is to take place at an early stage so that planting and seeding will he well established when production commences. An existing copse on the site is to be cleared of deadwood and developed as a natural feature and enhanced by the formation of a fire reservoir developed as a lake.

Site roads are to he constructed together with parallel grouped service zones containing drainage, water mains, power lines, telephone services and ducted alarm and signal cables. Disused 19th century mineworkings running heneath the site will he grouted and capped. Completion of the contract is due in late 1982.

Principsl agents for the client are Ove Arup and Partners and they, together with the architects, Faulkner-Brown Hendy Watkinson and Stonor, of Newcastle upon Tyne and quantity surveyors, Gleeds of Nottingham, are the design team.

Hospital and housing

THREE contracts totalling £6.25m have heen won hy Robert Marriott (French Kier Group).

One contract, worth almost £3.2m, is for the construction of 152 dwellings at Oldhrook 2 for the Milton Keynes Development Corporation. The work will take ahout two years to complete.

Another contract, worth just under £1.8m, is for 103 dwellings for the Muir Gronp Housing Association at Godmanchester, Huntingdon. The dwellings, of which there are 71 houses and 32 flats, are to he huilt using the Frame Form system.

The third award is for the construction of the Three Shires private hospital, at St. Andrews, Northampton. Worth £1.25m, it is being constructed for the Trustees of this independent hospital, and will be part precsst, part in-situ concrete, on two storeys.

Pipeline venture

A JOINT venture, Costain Spie Capag, has been formed to carry out land-based transmission and distribution pipeline contracts and mechanical and civil engineering contracts associated with pipeline work in the UK.

It has been set up by Costain Civil Engineering and Spie Capag of Immeuhle Oslo 2, Plsce de L'Equerre, Silic 312, Rungis, France. Both companies have an equal share in the partnarship, which has been established primarily to serve the gas and oil Industries.

Computer centre

CONSTRUCTION OF a computer centre in Queen's Road, Reading for Heron Corporatinn hrings £5.6m to Higga and Hill's new contracts.

This ia to be leased to the Department of the Environment through the Property Services Agency for use hy the Department of Health and Social Security and will he linked at three levels to the existing DHSS offices.

Included in the complex will be offices and a car park together with 11 two-person flats.

The building has heen designed to harmonise with the surrounding urhan environment with elevations in red multi-facing hrick and natural slate pitched roofs.

Flsts are designed in similar materials, in two and three storeys and are to he sold independently hy Heron.

Contract is due for completion towards the end of 1982.

Architects are Broadway and Malyan.

Photograph by Glyn Genin

Insulated roof

AN ALUMINIUM insulsted composite roof has been installed at the Northern District Post Office, Upper Street, Islington, London, N.1, hy Insal-B and N (Engineers), of Middlesbrough. Known as the Korrugal Energi roof, it is manufactured hy Granges of Sweden and marketed in Britain hy Granges Essem (UK), Croydon.

The Korrugal roof is claimed to achieve a U value in thermal efficiency of up to 0.2 Watts per sqnare metre Centigrsde without cold hridges or air leaks. Fireproof breather paper included in the system is claimed to reduce convection heat loss to a minimum.

Renovation of Tower Bridge

THE FIRST steps towards making London's Tower Bridge an even bigger attraction for tourists will be taken today when Holland, Hannen and Cubitts start work there.

The company, part of the Tarmac Group, has heen given a £3.4m contract by the City of London Corporation to undertake renovations and provide tourist facilities.

Included in the contract is restoration of the main towers, glazed enclosure of the high-level walkways and provision of "escape" stairways within redundant lift shafts.

As part of the overall scheme designed by Holford Associates under the general direction of G. W. Pickin, City Engineer, a museum is to be provided in an old boiler house in the arches of the south approach, while new stairways will give access from the riverside embankments.

The contract also inclndes repairing stonework and replacing with glassfibre replicas the damaged and missing emhellishments to the exterior of the bridge. Mechanical and electrical services will include new lighting and heating systems. The new tourist facilities are to be completed in readiness for the 1982 season. Mott, Hay and Anderson are the consulting engineers and Kenneth R. Kensall and Partners the quantity surveyors.

Tower Bridge, opened in 1894, is in the custody of the Bridge House Estates, a trust administered hy the City of London Corporation. The bridge connects the London Borough of Tower Hamlets and Southwsrk and carries the A100 across the River Thames.

Cubitts has also won a £1½m contract to huild seven "nursery" factories at Moss Side, Leyland, for the Central Lancashire Development Corporation. Work on this project is ahout to start.

Paper mill project

OUTLINE planning permission for a £70m tissue paper mill at Grimsby, South Humberside, is being songht by architects Scott, Brownrigg and Turner on hehalf of the Bowater-Scott Corporation.

The project envisages a first-phase development of 37,500 sq metres, with the possihility of 75,000 sq metres if future demand merits a major expansion. The initial production capacity of the mill would he 40,000 tonnes of finished tissue a year. The planned site is adjacent to the proposed A18M motorway link.

Advance at J. Gadsden Australia

By James Forth in Sydney

J. GADSDEN AUSTRALIA, the can-making and packaging group, edged its profit up from A$7.79m to A$8.15m (U.S.$9.5m) in 1979-80, but has declared a scrip issue. The Gadsden-Pacific Can partnership with Australian Consolidated Industries, which incurred a A$1.4m loss in the previous year, returned to the black with a profit of A$555,000.

Gadsden owns 54 per cent of Gadsden-Pacific, and has an option to purchase the remainder by December, 1982. The scrip issue will be on the basis of one new share for every five held. The ordinary dividend has been held at 17 cents a share. Last year a further 5 cents was added as a centenary bonus.

The directors expect to pay at least 15 cents a share dividend after the scrip, equivalent to 18 cents on present capital. Gadsden made a loss of A$557,000 from its money market operations, which the directors attributed to difficult conditions arising from increased interest rates.

Sharp gain at Genting

By Wong Sulong in Kuala Lumpur

GENTING BERHAD, the Malaysian casino, hotel and plantation group, has reported a sharp rise in interim profits, based largely on the strength of its casino and hotel complex in the Genting Highlands, outside Kuala Lumpur.

For the six months ended June, group pre-tax profit was up 54 per cent to 39m ringgit (US$14.6m), on turnover rising by 40 per cent to 156m ringgit (US$73.7m). After-tax profit was 21.7m ringgit, to show a gain of nearly 60 per cent.

The group is maintaining its 5 per cent interim dividend.

Seatrain ends year $30m in the red

BY OUR FINANCIAL STAFF

LOSSES SUSTAINED by the Atlantic container services of Seatrain Lines, the U.S. shipping group, were largely responsible for the plunge into the red of $32.4m in the fourth quarter ended June 30, compared with a profit of $514,000 in the same period last year. This resulted in operating losses for the year to $30.1m, against a profit of $10m, despite a strong rise to $325.4m from $257.6m in revenues for the final quarter, which brought the year's total to $1.26bn compared with $789.9m in the previous year.

On a per share earnings basis the operating loss for the quarter was $2.23 compared with a profit of three cents and $2.33 for the year against a profit of 67 cents.

The company said that its Atlantic container trade suffered from a decline in westbound traffic and a rapid decline in rates as well as escalating costs in the U.S. and abroad.

Final quarter results were also hit by unrealised foreign exchange losses, of which $6.7m pertained to containership operations.

The company said that part of its Atlantic container services between the U.S. and Europe was discontinued on September 4. Since then Seatrain had arranged a sub-chartering and leasing transaction with a subsidiary of Thomas Nationwide Transport, an Australian transportation conglomerate, for which it received $15m in cash and $13.5m in notes, of which $5m is contingent upon a third party's consent. The company said that it expected that any gain on the transaction would be offset significantly by costs incurred in the discontinuance.

The company also said that its Pacific containership services continued to perform well during the fiscal year and made a major contribution to results.

The company said that the losses incurred by the company exerted a significant adverse impact on the company's cash position, which continues to be seriously strained. Because of that, the company has continued to seek and has received deferrals from its primary bank on payment of interest and principal.

Adia SA raises dividend after record earnings

BY JOHN WICKS IN ZURICH

A GROSS DIVIDEND of 45 per cent is to be distributed for the financial year ended June 30, 1980, by Adia Interim SA. The Lausanne-based company, which recorded net profits of SwFr 12.3m ($7.5m), is the parent undertaking of the Adia Interim temporary employment agency.

Group turnover reached SwFr 622.4m ($379.5m) in calendar 1979, it is stated. This represents a rise of 64.4 per cent over the previous year's figure and is well above previous expectations for the year. Consolidated earnings were reported at SwFr 16.02m ($9.77m).

Adia Interim is active in various European countries, owning the British firm Alfred Marks and heading the temporary employment market in West Germany and the Netherlands. It has recently expanded its U.S. operations.

Carrian share swap with Rama

By Philip Bowring in Hong Kong

CARRIAN INVESTMENTS, the rapidly growing Hong Kong property group, has arranged a share swap with Rama Tower, the Thai hotel company. The prices to be paid by both are well in excess of the latest quoted prices for the shares of the two companies. Rama is listed on the Bangkok Stock Exchange.

Rama will subscribe in cash for 2.8m Carrian shares at HK$17.30 (U.S.$3.47) in cash, compared with a Friday quote of HK$15.30, to give it one per cent of the Hong Kong company. Carrian will buy 2m Rama shares at 100 baht each compared with the recent price of 70 baht, giving Carrian 25 per cent of Rama's enlarged equity.

How the purchase prices which both total HK$48m (U.S.$9.62m) were arrived at has not yet been explained. The price put on Carrian shares appears likely to give a further lift to Carrian's price. At the start of this year Carrian (then known as Mai Hon) was trading at the HK$2.4 mark, paid by the Carrian group for control of Mai Hon, formerly a subsidiary of Stelux, a Hong Koog watch manufacturer with close Thai links.

Turnover up at Standa

MILAN—Standa SpA, Italy's largest chain store group, increased turnover by 26.5 per cent to L594bn ($690m) in the first half of this year, compared with the same period last year.

The company, which is controlled by Montedison Spa, said that its cost in the period rose by 27 per cent, requiring a reorganisation of the group to improve economic results.

AP-DJ

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Assoc. Biscuit	Oct. 9	Int. 2	*Laing (J.)	Sep. 30	Int. 1.0
Bell (A.)	Oct. 28	Final 3.52	*Laing Props.	Oct. 8	Int. 1.25
Berec	Oct. 25	Int. 1.3	London Brick	Oct. 23	Int. 1.734
*Brit. Home Stores	Oct. 22	Int. 3.5	London and Northern	Oct. 24	Int. 1.4
Brooke Bond	Oct. 18	Final 2.635	Marks and Spencer	Oct. 18	Int. 1.5
*Cape Inds.	Oct. 7	Int. 3.9	Minet	Oct. 11	Int. 2.75
Combined Eng. Stores	Oct. 5	Int. 1.49	Mowlem (J.)	Oct. 1	Int. 1.75
*Debenhams	Oct. 16	Int. 2.0411	Peachey Prop.	Oct. 25	Final 2.0
Ductile Steels	Oct. 23	Final 4.881	*Ready Mixed Concrete	Sep. 30	Int. 3.35
Eastern Produce	Oct. 19	Int. 1.4	Rugby Prtlnd. Cement	Oct. 15	Int. 2.2
Empire Stores	Oct. 10	Int. 2.4	Sears	Oct. 8	Int. 1
Finlay (Jas.)	Oct. 9	Int. 2.75	Sketchley	Oct. 23	Int. 2.8
*Foseco Minsep	Sep. 30	Int. 2.65	Spirax-Sarco	Oct. 18	Int. 2.5
Freemans (Lond. SW9)	Oct. 8	Int. 1.5	Telephone Rentals	Oct. 24	Int. 1.8
Glaxo	Oct. 8	Final 11	Tozer Kemsley Milbourn	Oct. 23	Int. 1.59
Harris Queensway	Oct. 2	Int. 4	UBM	Oct. 18	Int. 2.0
Harrisons Mlysn. Ests.	Oct. 22	Final 7.857	*Waterford Glass	Sep. 30	Int. 0.6
Hawker Siddeley	Oct. 18	Int. 3.0			
*Ibstock Johnsen	Oct. 3	Int. 1½			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

CORAL INDEX: Close 480-485 (−3)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley 051 548 6555	13½	½-year	1,000	4-5

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

Public Works Loan Board rates

Effective from September 20

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	12⅞	12⅞	13	14⅛	14	13⅝
Over 5, up to 10	13	13¼	13⅜	13⅝	13⅞	13⅞
Over 10, up to 15	13½	13⅜	13⅝	14	13⅞	13⅞
Over 15, up to 25	13⅝	13⅜	13⅝	13⅞	13⅞	13⅞
Over 25	13¾	13⅝	13⅝	13⅞	13⅞	13⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
§60	F.P.	—	115	91	††Baker Electronics 10p	102	.....	b3.85	2.0	5.4	10.8
¶5	F.P.	—	296	215	††Brint Invs.	290	.....	—	—	—	—
¶5	F.P.	—	388	338	BP Restricted Trans.	384 xd	−4	17.5	4.7	8.5	3.8
69	F.P.	8/9	93	72	Charterh'se Petrol'm	90	−3	b1.09	4.0	1.7	28.6
80	F.P.	—	80	76	††N'rk'th M'rcyc's 50p	77	.....	—	—	—	—
160	F.P.	—	154	133	††Marinex 10p	148	.....	—	—	—	—
67	F.P.	—	145	92	††ORE	130	−5	—	—	—	—
§57	F.P.	—	95	73	††Utd. Electronic 20p	77	−2	b1.57	2.2	8.9	22.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	10/10	114p	107p	Foseco Minsep 8½% Cnv Red Cum 2nd Prf	114p	.....
¶¶	F.P.	10/10	110	102	Do 10% Conv Uns Ln 1996	108	−1
¶	F.P.	30/10	98½	97	Newcastle & Gateshead Water 8½% Rd P	98½	.....
‖	Nil	31/10	17pm	7pm	Queens Moat 10½% Cons Uns Ln '89-91	7pm	.....
‖	Nil	—	15pm	11pm	R.T.Z. 9½% Conv. Uns. Ln. '95-2000	11pm	−½
‡	F.P.	—	95	95	S. Rhodesia 6% '78-81 Asstd	95	.....
‡	F.P.	—	66	66	Do. 4½% '77-82 Asstd	66	.....
‡	F.P.	—	36	36	Do. 3½% '80-85 Asstd	38	.....
‡	F.P.	—	81	21	Do. 4½% '87-98 Asstd	21	.....
‖	Nil	—	15½pm	7½pm	Western Deep 12% Uns Deb. '86-93 Units	6½pm	.....
¶	£10	20/11	15¼	11¾	York Waterworks 9½% Red. Pref. 1985	12	.....
‡	F.P.	—	310	310	Zimbabwe settlement annuity Reg.	510	.....

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid Up	Latest Renunc. Date ●	■	1980 High	1980 Low	Stock	Closing price p:	+ or −
300	F.P.	22/9	17/10	356	344	Blue Circle	358	.....
105	Nil	3/10	7/11	15pm	11pm	British Vita	11pm	.....
A$350	Nil	—	—	158pm	140pm	CRA	154pm	−4
50	F.P.	28/8	20/10	41	38	Laganvale Estates 10p	38½	.....
240	Nil	6/10	14/11	126pm	120pm	M. L. Hldgs.	180pm	.....
120	F.P.	15/8	28/9	164	144	McKay Secs.	160	.....
220	F.P.	5/9	14/11	300	285	Mercantile House	290	.....
14	F.P.	5/9	5/10	21	16	Moorgate Mercantile	20	.....
260	Nil	—	—	100pm	85pm	††Pict Petroleum	86pm	−10
c.$46	Nil	—	—	56pm	32pm	Royal Bank of Canada	32pm	−3
13	F.P.	18/9	10/10	15	15	Spence rGears	15	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ Warrants. †† Unlisted security. † Dealings under special rule. ‡‡ London listing. ‡ Resulting from debt settlement scheme.

CURRENCIES, MONEY and GOLD

Sterling in demand

BY JONAS CROSLAND

FOREIGN exchange markets received a rude awakening from the comparative quiet seen over the past few months, with the opening of hostilities between Iran and Iraq. Regarded as a petrocurrency, sterling wasted no time in climbing to a new five and a half year high on Tuesday, while the U.S. dollar was also seen in a bullish light, rising to its best level against the D-mark since last May. Gold was also firm, thus disposing of the more normal routine of gold and the dollar moving in opposite directions to each other. Admittedly later in the week the speculative rush subsided as it became apparent that no quick solution to the Middle East problem lay round the corner. Dealers were also unwilling to open new positions ahead of the month end, but the possibility of any disruption in oil supplies remained the key factor affecting trading.

Apart from the obvious attractions of North Sea oil, sterling continued to be well bid as another week passed without any change in MLR. While much of the market has discounted any cut in the rate, at least until after the Government has been able to digest the next set of money supply figures, speculation in the foreign exchange market has continued on a week to week basis. Although finishing below the levels seen on Tuesday sterling shows a considerable rise on the week, and seems to have established itself above the FFr 10 level for the time being at least, and hovers around a four-year high against the D-mark.

A rise in the U.S. Federal discount rate to 11 per cent from 10 per cent pushed prime rates even higher. The foreign exchange market may well be impressed by the U.S. authorities' determination to stem the rise in money supply (currently running at over 12 per cent compared with a 6½ per cent growth target), and to curb inflation (12.5 per cent on a yearly basis). However, some sections of the market showed concern at the rising trend in interest rates, pointing out that its continuation could have a depressing effect on the growth of the U.S. economy.

GOLD

	Sept. 26		Sept. 25	
Gold Bullion (fine ounce)				
Close	$687-700	(£291¼-293¾)	$694-697	(£289¼-290½)
Opening	$701-704	(£293¼-295¼)	$705-708	(£295¼-295½)
Morning fixing	$697	(£290.926)	$705	(£293.669)
Afternoon fixing	$688.75	(£281.871)	$697.75	(£290.848)
Gold Coins				
Krugerrand	$713-716	(£297¼-298½)	$715-717	(£298-300)
1/2 Krugerrand	$366-375	(£152-157)	$367½-370½	(£153-156)
1/4 Krugerrand	$186-191	(£77-80)	$187-190	(£77-80)
1/10 Krugerrand	$76-79	(£31¾-33¼)	$76-79½	(£31-33)
Mapleleaf	$707-711	(£295-297)	$709-713	(£295½-297½)
New Sovereigns	$176-177	(£73½-74½)	$175½-177¼	(£73-74)
King Sov.	$185-197	(£81¼-82½)	$185-197	(£81-82)
Victoria Sovs.	$195-197	(£81¼-82½)	$196-197	(£81-82)
French 20s	$168-171		$168-170	
50 pesos Mexico	$863-866		$858-862	
100 Cor. Austria	$685-689		$685-692	
$20 Eagles	$794-798		$790-795	

OTHER CURRENCIES

Sept. 26	£	$		Note Rates
Argentina Peso	4513-4653	1827-1834	Austria	30.40-30.70
Australia Dollar	2.0400-2.0440	0.8535-0.8540	Belgium	68.90-68.95
Brazil Cruzeiro	137.18-138.18	57.39-57.59	Denmark	13.32-13.42
Finland Markka	8.79-8.76	3.6540-3.6550	France	9.98-10.05
Greek Drachma	102.21-104.86	42.75-42.90	Germany	4.31-4.35
Hong Kong Dollar	11.96-11.98	4.9925-4.9955	Italy	2050-2160
Iran Rial	n.a.	n.a.	Japan	508-515
Kuwait Dinar (KD)	0.638-0.644	0.2667-0.2668	Netherlands	4.68-4.72
Luxembourg Frc.	69.15-69.25	28.88-28.94	Norway	11.62-11.72
Malaysia Dollar	5.0650-5.0850	2.1260-2.1280	Portugal	117-126½
New Zealand Dlr.	2.4355-2.4405	1.0190-1.0200	Spain	171½-179½
Saudi Arab. Riyal	7.89-7.96	3.3165-3.3200	Sweden	9.94-10.04
Singapore Dollar	5.0450-5.0460	2.1035-2.1055	Switzerland	3.93-3.99
Sth. African Rand	1.8000-1.8010	0.7583-0.7530	United States	2.39-2.40
U.A.E. Dirham	8.80-8.86	3.6680-3.6700	Yugoslavia	73-74

Rate given for Argentina is free rate. Finland Sept. 25 (£) 8.759-8.768.

THE DOLLAR SPOT AND FORWARD

Sept. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3900-2.4015	2.3915-2.3925	0.70-0.60c pm	3.26	1.57-1.47 pm	2.54
Ireland†	2.0610-2.0675	2.0610-2.0630	0.90-0.40c pm	2.58	0.50-0.80 pm	1.63
Canada	1.1662-1.1669	1.1672-1.1675	0.20-0.15c pm	1.80	0.43-0.38 pm	1.36
Nethlnd.	1.9595-1.9640	1.9630-1.9640	0.48-0.38c pm	2.63	1.37-1.27 pm	2.69
Belgium	28.91-28.99	28.92-28.94	3½-2c pm	1.14	7-4 pm	0.79
Denmark	5.5775-5.5845	5.5830-5.5845	1.70-2.20ore dis	−4.19	5.50-6.00dis	−4.12
W. Ger.	1.8000-1.8080	1.8010-1.8020	0.60-0.55pf pm	3.83	1.90-1.85 pm	4.16
Portugal	50.05-50.25	50.15-50.25	20-35c dis	−6.62	0.03-0.020pm-0.04	−1.18
Spain	73.70-73.84	73.76-73.83	85-85c dis	−12.19	180-210dis	−10.57
Italy	858.15-863.00	859.00-860.00	6¾-8¼ lire dis	−9.32	22-24 dis	−9.77
Norway	4.8600-4.8675	4.8665-4.8670	par-1ore dis	−0.26	0.5-1.0 dis	−0.63
France	4.1830-4.1910	4.1830-4.1850	0.37-0.27c pm	−0.92	0.90-0.78 pm	0.56
Sweden	4.1300-4.1390	4.1330-4.1355	1.75-1.90ore dis	−5.27	4.45-4.80dis	−4.46
Japan	211.30-213.00	211.45-211.55	par-0.15y dis	−0.42	0.15 pm-par	0.14
Austria	12.75½-12.80	12.79-12.80	1.50-0.90gro pm	1.18	3.25-1.50 pm	0.74
Switz.	1.6440-1.6520	1.6495-1.6505	0.97-0.90c pm	7.04	2.84-2.80 pm	7.09

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Sept. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3900-2.4015	2.3915-2.3925	0.70-0.60c pm	3.26	1.57-1.47 pm	2.54
Canada	2.7870-2.8015	2.7930-2.7940	1.40-1.30c pm	5.80	3.00-2.90 pm	4.22
Nethlnd.	4.67½-4.71¼	4.69½-4.69¾	2¾-1¾c pm	5.76	6¾-5¾ pm	6.44
Belgium	69.10-69.65	69.15-69.25	22-15c pm	3.89	60-50 pm	3.18
Denmark	13.30-13.39	13.30-13.31	1¼-1¾ore dis	−1.13	2-3 dis	−1.18
Ireland	1.1465-1.1515	1.1470-1.1480	0.12-0.09p pm	0.78	0.32-0.23 pm	0.96
W. Ger.	4.30-4.34	4.30¾-4.31¾	3½-2½pf pm	7.30	7½-6½ pm	6.49
Portugal	119.70-119.90	119.70-119.90	5-50c dis	−2.76	20-125 dis	−2.25
Spain	176.45-177.00	176.50-176.60	110-165c dis	−9.34	320-400 dis	−8.15
Italy	2,055-2,070	2,056-2,059	8½-9¾ lire dis	−4.08	33¾-38¼dis	−7.19
Norway	11.63-11.69¼	11.65¼-11.66¼	4-2ore pm	3.22	9¼-7¼ pm	2.88
France	10.00-10.06	10.03-10.04	4-3c pm	4.19	9-8 pm	3.40
Sweden	9.83¾-9.89	9.89½-9.90¼	1½ore dis	−1.66	4½-5 dis	−1.84
Japan	503-513	505¼-506¼	1.60-1.00y pm	3.08	4.05-3.45 pm	2.96
Austria	30.57-30.72	30.60-30.65	14-10gro pm	4.70	30-24 pm	3.53
Switz.	3.92½-3.96½	3.93-3.94	3-2c pm	9.91	10-9 pm	9.66

Belgian rate is for convertible francs. Financial franc 69.60-69.70. Six-month forward dollar 1.80-1.70c pm. 12-month 2.05-1.95c pm.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 13	offer 13 1/8	bid 13 1/4	offer 13 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	11¾-12	8-9	8-9½	1¼-1¾	8¼-8¾	11¾-11⅞	14-17	4¼-4¾	20-22
7 days' notice	[illegible]	11¾-12¼	8-9	9¼-9¾	7¼-8	8¼-8¾	11¾-12¼	16-19	11½-11¾	15-18¼
Month	15⅝-16⅛	12⅝-12¾	10-10¾	9¾-10¼	7¼-8	8¾-9	11⅞-12¼	20-21½	12⅛-12¼	18¼-19¼
Three months	16¼-16⅝	13-13⅛	11-11¾	10¼-10⅝	7⅝-8	8⅞-9⅛	12-12⅛	23¼-24¼	12⅞-13⅛	19¼-19½
Six months	15-15¼	13½-13⅝	12-12½	10⅛-10½	6-6½	8⅞-9⅛	12-12¼	23¼-24¼	13-13⅛	10¼-10½
One Year	14⅛-14⅜	13¼-13⅜	15⅛-12⅛	10⅛-10⅜	5¾-5⅞	8⅛-8⅜	12¾-13	23-24¼	13-13¼	10¼-10½

Long-term Eurodollar two years 12⅞-13⅛ per cent; three years 12⅞-13⅛ per cent; four years 12⅞-13⅛ per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit: one-month 11.45-11.55 per cent; three-months 12.00-12.10 per cent; six months 12.30-12.40 per cent; one-year 12.10-12.30 per cent.

LONDON MONEY RATES

Sept. 26 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15⅛-16½	—	—	—	15¾-16¼	14¼-16¼	—	—	—
2 days notice	—	—	16¼	—	—	—	—	—	—	—
7 days of	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¼-16⅜	16¼	—	—	—	—	—	—	—
One month	15¾-16⅛	16¼-16⅝	16¼-16⅜	17¼-17⅛	16¼	16¼-16⅜	15¾-15⅝	—	—	—
Two months	16⅛-15⅞	16-15¾	16¼	17¼-17⅛	16¼	16¼-16⅜	14¾-15	14⅜	16⅛-15⅞	16⅛
Three months	16¼-16⅛	16¼-16⅛	15⅞-15¾	16⅝-15⅞	16¼	16¼-16⅛	14¼-14⅛	14⅜-14¼	15⅞-15¾	16⅜
Six months	15¼-15⅛	15¼-15⅛	—	16⅜-16⅛	15¾	15¾	15	15	—	—
Nine months	14¾-14	14¼-14⅛	—	14¾-14⅜	14¾	—	—	—	—	—
One year	13⅞-13⅝	13⅞-14⅛	13⅞-14	14¼-14⅛	14¾	14¾	—	—	—	—
Two years	—	—	13⅝-13⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven-days' fixed. Long-term local authority mortgage rates nominally three years 13⅜-13⅝ per cent; four years 13¼ per cent; five years 13⅛-13⅜ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾-14⅝ per cent; four-month trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14¾-14⅝ per cent; two-months 14⅝-14⅝ per cent; three-months 14⅝ per cent. Approximate selling rate for one-month bank bills 16 per cent; two-months 15⅝-15¾ per cent; three-months 15-15⅝ per cent; one-month trade bills 16¼ per cent; two-months 16½ per cent and three-months 16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.3317 per cent.

CURRENCY RATES

Sept. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.54 8403	0.588011
U.S. $	11	1.31419	1.40405
Canadian $	11.20	1.51431	1.63508
Austria Sch.	6¾	16.7940	17.9294
Belgium F.	15	38.1049	40.6536
Danish K.	11	7.32727	7.83567
D mark	7½	2.37316	2.53539
Guilder	8	2.59041	2.75396
French Fr.	9½	5.50646	5.88287
Lira	15	1129.56	1206.06
Yen	7.25	280.135	286.836
Norwgn. Kr.	9	6.39288	6.83056
Spanish Pta.	8	88.9872	103.408
Swedish Kr.	10	5.46846	5.83303
Swiss Fr.	3	2.16118	2.31145

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. £0.798 0.865 14.79
Quest Intl. Secs. US$1.141 1.227 2.95
Quest Intl. Bd. US$0.850 0.90 11.11
Prices on Sept. 24. Next dealing Oct. 1.

RBC Investment Managers Limited

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	53.1	57.1	−0.6	2.54
Abbey Capital	42.9	46.4	−0.1	5.28
Abbey General	53.7	58.2	−0.1	5.40
Abbey Gilt & F.I. Tst.	112.3	118.2	−0.3	11.57
Abbey Income	34.3	37.1	+0.1	9.33
Abbey W'Wide Bd Tst.	92.1	97.5	−0.1	6.87
Abbey Inv. Tst. Fnd.	47.0	50.8xd	−0.1	5.00
Equitas Prog. Tst.	82.1	88.8	−0.4	4.85

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	91.8	96.6	−0.2	12.67

Allied Hambro Ltd. (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	86.0	92.0xd	−0.2	6.03
Brit. Inds. Fund	77.0	82.4	−0.2	6.31
Growth & Income	48.1	51.5	−0.3	5.40
Elect. & Ind. Dev.	42.9	45.9	−0.2	5.34
Allied Capital	92.4	98.9	−0.5	4.50
Hambro Fund	132.6	141.9	−0.4	6.12
Hambro Acc. Fund	169.8	181.7	−0.7	4.95

Income Funds

High Yield Fd.	64.4	68.9xd	+0.1	10.01
High Income	76.0	81.3xd	.....	7.81
A. H. Eq. Inc.	44.5	47.6	−0.1	7.63
Govt. Secs.	26.3	27.0	.....	11.78

International Funds

International	32.8	35.1	−0.1	3.08
Pacific Fund	55.8	59.7	+0.4	2.06
Secs. Of America	67.0	71.7	−0.4	2.51

Specialist Funds

Smaller Co.'s Fd.	51.8	55.4	.....	4.60
2nd Smlr. Co's Fd.	60.4	64.6xd	−0.1	4.64
Recovery Sits.	127.4	136.3	−0.1	6.13
Met. Min. & C'dty.	71.8	76.8	−0.4	3.84
Overseas Earnings	67.4	72.1	−0.3	5.34

Exempt Funds

Income Exempt	—	50.0	.....	8.50
Far East Exempt	61.7	64.2	+0.4	2.34
Smaller Co. Exempt	91.2	95.3	+0.2	4.68
U.S.A. Exempt	114.3	118.9xd	−0.9	2.94

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	66.6	71.2xd	.....	4.75

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	140.0	150.0xd	.....	12.50

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	32.1	[illegible]	.....	—
Commodity***	98.2	[illegible]	.....	2.50
(Accumulation)	151.9	[illegible]	.....	2.50

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	68.8	72.4	.....	4.11

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.6	40.0	+0.2	11.30
North American	56.0	60.4xd	−0.1	2.85
Canadian Exempt*	61.7	65.3	.....	3.62
Canadian Trust	61.8	66.8	−0.8	2.69
Mid Mount High Inc.*	48.5	51.3xd	.....	9.41
Recovery	58.1	63.2	.....	4.83
Gilt Trust	44.2	46.2xd	−0.1	12.53

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

Cres. Amer. Fd.	35.0	37.8	−0.3	0.99
Cres. Internat'l.	69.3	74.7	+0.1	2.34
Cres. High. Dist.	41.9	45.2	.....	10.79
Cres. Reserves	50.3	54.3	−0.1	5.52
Cres. Tokyo	23.1	24.8xd	+0.4	0.76

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	.....	12.29

Discretionary Unit Fund Managers
36/38 New Broad St. EC2M 1HU. 01-638 4485

Disc. Inc. Sept. 26	279.5	294.2	−6.3	5.72

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.60
Gt. Winchester O'seas	23.8	26.4	.....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.1	88.3	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	85.2	89.6xd	−0.5	4.92

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American	29.3	31.6	−0.5	1.02
Gilt + Fixed Int.	25.6	27.0	−0.1	12.15
Growth + Income	31.2	33.6	+0.2	7.22
Special Sits.	35.8	38.6xd	−0.3	2.31

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	35.5	38.2	.....	1.48
Accum. Units	43.7	44.9	.....	1.48
J. Finlay High Income	34.5	37.1xd	.....	10.44
J. Finlay Euro. Fin.	21.5	22.9xd	.....	3.94
Accum. Units	26.6	28.6xd	.....	3.94
J. Finlay Fd. In. Tst.	39.1	42.0	.....	5.55
Accum. Units	48.2	51.9	.....	5.55

Prices on Sept. 17. Next dealing Sept. 24.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen. Sept. 22	68.8	73.4xd	.....	0.90
Am. T'around Sept. 22	63.6	68.0	.....	1.75
Capital Tst.	56.8	60.6xd	−0.2	5.54
(Accum. Units)	59.2	63.2	.....	5.52
Extra Income Trust	89.0	92.2	.....	10.46
Income Tst.	39.0	41.6	−0.2	8.53
Int. Growth Fd.	54.4	58.0	−0.4	1.84
(Accum. Units)	57.0	61.8	−0.4	1.84

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

INSURANCE PROPERTY BONDS

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Sel. Mkt. Fd. Cap.	107.8	113.9	.....	—
Sel. Mkt. Fd. Std.	130.4	137.7	.....	—
Pension Equity	171.9	177.2	.....	—
Pension Fxd. Int.	146.3	150.8	.....	—
Deposit Fd. Acc.	56.9	60.0	.....	—
Equity Fd. Cap.	60.1	63.4	.....	—
Equity Fd. Acc.	60.1	63.4	.....	—
Fxd. Int. Cap.	50.3	53.0	.....	—
Fxd. Int. Acc.	55.8	58.8	.....	—
Intnl. Cap.	40.8	43.0	.....	—
Intnl. Acc.	47.0	49.6	.....	—
Managed Fd. Cap.	51.9	54.7	.....	—
Managed Fd. Acc.	57.7	60.9	.....	—
Property Fd. Cap.	69.7	73.5	.....	—
Property Fd. Acc.	75.4	79.5	.....	—

Provincial Life Assurance Co. Ltd.
222 Bishopsgate, EC2. 01-247 6533

Prov. Managed Fd.	151.8	159.8	.....	—
Prov. Cash Fd.	124.9	131.6	.....	—
Gilt Fund	134.5	141.6	−0.6	—
Property Fund	129.8	136.7	.....	—
Equity Fund	141.0	148.5	+0.1	—
Fxd. Int. Fund	114.7	120.8	−0.3	—

Prudential Pensions Limited♦
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. Sep. 19	35.96	37.07	.....	—
Fixed Int. Sept. 19	24.00	24.32	.....	—
Prop. Fd. Sept. 19	40.83	42.09	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rel. Prop. Bds.		292.3	.....	—

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

N.C. Prop.	156.2	166.2	.....	—

Next sub. period Sept. 30/Oct. 15

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		120.5	−0.1	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	94.4	99.3	.....	—
Accum. Pen. Units	140.4	147.7	.....	—
Flex. Inv. Growth	121.5	127.9	.....	—
Future Assd Growth	26.0(A)	58.0(B)	.....	—
Ret. Ass'd Pen.		£31.89	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$151.05	161.01xd	.....	1.30

Next dealing Sept. 26.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$14.00	.....	—

Net asset value Sept. 22.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.26	10.27	.....	11.17
AHR Gilt Edg. Fd.	£12.07	12.13xd	−0.02	13.17

Alliance International Dollar Reserves

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
25May	25N	Exchequer 13pc 1980‡‡	99⅜	[illegible]	13.06	14.73
15Jul	15Ja	Treasury 11½pc 1981‡‡	99¼	[illegible]	11.60	14.08
15Aug	15F	Treasury 3½pc 1979-81	96¼	9.7	3.63	13.77
10	1Ap	Treasury 9¾pc 1981‡‡	98¼xd	[illegible]	9.94	13.90
12D.	12Jun.	Exch. 8¼pc 1981	96⅜	[illegible]	8.56	13.71
4F	4Aug	Exch. 9½pc 1981	96⅞	[illegible]	9.81	13.42
21F	21Aug	Exch. 3pc 1981	93⅝	[illegible]	3.20	10.64
17May	17N	Treas. Variable '81‡‡	99	10.4	14.78	15.29
23May	23N	Exch. 12¾pc 1981‡‡	99¼	[illegible]	12.84	13.34
15Jul	15Ja	Treas. 8½pc '80-82‡‡	94¾	9.7	8.97	12.85
15Aug	15F	Treasury 3pc '82‡‡	91⅝	9.7	3.27	9.59
16S	16Mar	Treasury 14pc '82‡‡	101½	11.8	13.79	12.86
15O	15Jun	Treas. Variable '82‡‡	97¾	9.5	14.97	16.68
5Ja	5Jul	Treasury 8¼pc '82	92½	2.6	8.91	15.09
22Mar	22S	Exch. 9¼pc 1982	93⅛	10.8	9.93	13.31
5Jul	5Ja	Exch. 8¾pc 1983	92¾	2.6	9.42	12.73

Five to Fifteen Years

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22Jul	22Ja	Treasury 11¾pc 03-07	92⅞	15.6	13.03	13.07
25S	26Mar	Treas. 13½pc '04-08	101½	20.8	13.31	13.32
10Mar	10S	Treasury 5½pc '08-12‡‡	49½	4.8	11.28	11.51
26Jul	26Ja	Treasury 7¾pc '12-15‡‡	66½	19.6	11.40	12.01
12 Jun.	12D	Exch. 12pc '13-'17	98	6.5	12.71	12.70

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F.	1Aug.	Consols 4pc	32⅜	25.6	12.41	—
1Jun	1D	War Loan 3½pc‡‡	32½	25.4	11.26	—
1Ap	1O	Conv. 3½pc '61 Aft.	35xd	26.8	10.00	—
5Ap	5Oct	Treasury 3pc 66 Aft.	24⅜xd	1.9	12.35	—
5Ja.A.J.O.		Consols 2½pc	21⅜xd	1.9	11.67	—
1Ap	1Oct	Treasury 2½pc	20⅜xd	26.8	12.34	—

INTERNATIONAL BANK

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15F	15A	5pc Stock '77-82	85	18.7	5.81	13.60

CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30A	31O	Bath 11¾pc 1985	97¼	31.3	12.07	13.05
1J	1D	Birm'ham 12½pc 1985	97	1.5	12.89	13.35
1M	1S	Bristol 13¾pc 1981	99½	15.8	13.82	14.39
1J	1D	Burnley 13pc 1987	102¼	1.5	13.24	13.00
24A	24O	Cardiff 11pc 1986	90¼xd	24.9	12.03	13.08
25M	25N	G.L.C. 12½pc '82	97¾	25.4	12.79	14.02
10F	10A	Do. 12½pc 1983	97¾	10.7	12.79	13.45
15M	15N	Glasgow 9¼pc '80-82	91½	21.4	10.11	14.01
1F	1A	Herts 6½pc 1985-87	75¼	1.7	9.09	12.42
15M	15N	Liverpool 9¼pc '80-84	89½	15.4	10.90	13.47
1Ja.A.J.O.		Do. 3½pc Irred.	26xd	1.9	13.65	—
15M	15N	Lon. Corp. 13¼pc '83	99	15.4	13.38	13.61
1A.	1O.	Do. 9¼pc '84-85	90	1.9	10.25	11.89
15J	15J	L.C.C. 5½pc '82-84	79¼	16.6	6.90	13.30
11J	11D	Do. 5½pc '85-87	70¼	12.5	6.01	12.52
10Ja	10J	Do. 6¾pc '88-90	69½	10.6	9.91	12.97
1M.J.S.D.		Do. 3pc '20 Aft.	23½	1.5	13.07	—
15J	15D	Sunderland 12¼pc 1984	96	15.5	12.76	13.38

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1A	1O	Aust. 5½pc '81-82	88¾	29.8	6.19	13.88
1J	1D	Do. 6pc 1981-83	84	30.4	7.30	13.02
1Ja	1J	N.Z. 7¼pc 1988-92	65¾	2.6	11.31	13.38
15J	15D	Do. 7½pc '83-86	80¾	9.40	9.53	27.09
1M	1N	Sth. Africa 9½pc '79-81	93xd	27.3	10.10	15.60
1A	1O	S. Rhod. 2½pc Non-Ass.	104	3.66	—	29.06
15Ja	15J	Do. 6pc '78-81 N.-As.	150	12.65	—	24.76

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	63	2.6	8.08	12.17
30J	31D	Alcan 10½pc '89-94	83	2.6	12.77	13.40
1M	1S	Met. Wtr. 3pc 'B'	29	1.8	10.41	12.44
30J	31D	U.S.M.C. 9pc 1982	104	16.6	8.87	—
30J	31D	Do. without Warnts.	91½	16.6	10.20	13.90

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30Ja	[illegible]	FFI 13pc 1981	98⅞	31.12	13.15	15.90
20J	[illegible]	Do. 14pc '83	100¼	20.5	13.97	13.87
31M	[illegible]	FFI(UK Fn)5½pcDb. '80-2	86	1.9	6.40	13.86
31M	[illegible]	Do. 6¼pcDb. '81-84	81½	14.4	7.91	13.00
11Ja	[illegible]	Do. 10¼pc Uns.Ln. '86	90½	2.6	11.93	13.70
11Ja	[illegible]	Do. 11pc Uns.Ln. '88	90½	2.6	12.51	13.30
11Ja	[illegible]	Do. 11¾pc Uns.Ln. '90	92½	2.6	12.98	13.60
14Mr.	[illegible]	Do. 12½pc Un. Ln. 1992	92½	11.8	13.51	13.80
30J	[illegible]	Do. 7¼pcADeb. '89-92	64½	2.6	11.72	13.80
31M	[illegible]	Do. 7¼pcADeb. '91-94	60½	1.9	11.98	13.65
31M	[illegible]	Do. 9pc 'A' '91-94	71	1.9	12.68	13.70
28F	[illegible]	Do. 8⅞pcLn. '92-97	68½	14.1	13.24	13.90

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	65	8.71	—	—
1Ja	1J	Do. 5pc Pref.	55	2.6	—	—
1Ja	1J	Chilean Mixed	98	1.7	3	13.10

AMERICANS

CANADIANS

Dividends Paid		Stock	Price	Last xd	Div. Gross	Cvr	Gr's
F.MyAuN.		Hollinger $5	21¼	26.7	s$2.20	—	4.0
Apr.	Oct.	Hudson's Bay ‖	880pxd	11.7	♦$1.20	—	5.2
Jan.	July	Hud.B.Oil G. $2½	11⅝	25.9	h57½	—	1.9
Mr.Je.S.D.		Imperial Oil‖	15⅝	28.2	$1.40	—	3.4
Jan.Ag.J.O.		Inco‖	10½	31.7	72c	—	2.6
F.My.Au.N.		Int. Nat. Gas $1	515p	30.10	$1.00	—	7.3
Mr.Je.S.O.		Massey Ferg.‖	275p	11.77	—	—	—
—		Place Gas $1	110p	—	—	—	—
June	Dec	Rio Algom	13⅝	26.10	$1.50	—	4.2
M.Je.S.D.		Royal Bk.Can. $2.	19⅞xr	25.1	$2.56	—	5.0
SeDeMrJu		Seagram Co. C$1	25⅞	21.5	$US1.10	—	1.9
F.MyAuN.		Tor. Dom. Bk. $1.	11	27.3	$1.44	—	4.9
J.Ap.Jy.O.		Trans Can. Pipe	800p	26.6	$1.16	—	5.5

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- § Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- φ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcl ex capital distribution.

REGIONAL MARKETS

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[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Monday September 29 1980

Labour moderates see hopes slipping

BY CHRISTIAN TYLER, LABOUR EDITOR

LABOUR PARTY moderates last night saw their hopes of shifting the balance of power in their favour on the party's Left-dominated national executive committee fade suddenly away.

The Amalgamated Union of Engineering Workers, on which the moderates were pinning their hopes, will be putting its 928,000 block vote behind Left-wing candidates in the executive elections for the Labour Party at Blackpool this week—following what the union's leaders claimed was a mix-up at the meeting yesterday of its 35-man delegation.

On every vote, the delegates split 18-17 in favour of the Left or for incumbents it has traditionally supported. The union's Right-wing leaders looked on helplessly as the delegation ran through the list.

Sir John Boyd, general secretary, later claimed that despite instructions before the meeting a delegate from Dorset, Mr. D. A. Knott, had confessed afterwards he did not realise whom he was voting for. "I told him who to vote for." Sir John said.

Mr. Terry Duffy, AUEW president, said that Mr. Knott "was very, very sorry for what he did." But the upshot was that the union's chance of altering the composition of the national executive committee had gone for this year.

The upset—and there has been one almost every year for the last five—was only possible because the delegates did not come mandated on how to vote. However, on the Labour Party constitutional issues, they duly fell in with the instructions of their national policy-making committee, which was specially reconvened before the conference to ensure that the AUEW engineering section [AUEW will its section (inverted)] supported the Callaghan line.

After yesterday's rebuff, the next year. By then, they will be armed with new rules that ensure that conference delegates are unashamedly designed to tions reflect the current Right-wing majority in the engineering section's national committee.

This will be effected by making delegates electable by divisional committees, instead of by branch ballots where the Left traditionally fares better.

The chief significance of the AUEW decision yesterday is that the Left-wingers in the women's section, where the right had hoped to make its chief inroads, look much less vulnerable. They are Miss Joan Maynard, Mrs. Judith Hart, Mrs. Renee Short and Mrs. Audrey Wise.

As for the rest of the conference agenda, the AUEW engineering section will vote with the moderates and will support multilateral, as opposed to unilateral, disarmament in the important defence debate later this week. But because of its own policy, it will vote for Britain's withdrawal from the EEC.

Meanwhile, the separate fracas between Left and Right-wing union leaders in the wake of TUC committee changes last week may be smoothed over in the next few days. Mr. Moss Evans, of the Transport and General Workers Union—which has been accused of a campaign to unseat senior moderates—refused point blank to comment further yesterday on the replacement of Mr. Sid Weighell, of the National Union of Railwaymen, as chairman of the TUC transport committee by the TGWU executive officer, Mr. Larry Smith.

A meeting between the three men is planned. But it seemed unlikely yesterday that the union would simply hand the job back to Mr. Weighell.

Right link with Munich bombing

BY ROGER BOYES

RIGHT-WING German terrorists are believed to have been responsible for the Munich bomb blast on Friday night which killed 12 people and injured over 200, many of them seriously.

The explosion ripped through revellers at Munich's crowded Oktoberfest beer festival shortly after 10 p.m. In terms of casualties it was the worst terrorist outrage in Germany since the murder of Israeli athletes at the 1972 Olympics.

One of the dead, named as Herr Gundolf Koehler, is believed by police to have actually planted the pipe-bomb, which was electronically detonated from a car close to the field where the *festival is* held.

Other victims include an Englishman and a Swiss. The Bavarian authorities named him as Mr. Errol Vere-Hodge, 25, who was married and living in Germany.

The bomb outrage has already become a delicate political issue so soon before the October 5 election, which will decide between Chancellor Helmut Schmidt and his Opposition challenger, Herr Franz Josef Strauss.

Herr Strauss, who is also Bavarian state premier, broke off his campaigning to inspect the scene of the explosion, and immediately criticised Herr Gerhart Baum, the country's Interior Minister, for creating a climate in which such atrocities could take place. Chancellor Schmidt meanwhile says the explosion should not become an election issue.

Both the Bavarian and the Federal investigators, who are co-operating on the case, are now certain the blast was caused by Right-wing extremists.

There are three main indications for this. Firstly, the body identified as Herr Koehler's was carrying a membership card issued by a para-military Right-wing group known as the Hoffmann Association.

This group was raided by police earlier in the year, and uniforms, small arms explosives and even an armoured car were confiscated from members.

Second, a phone caller to a Munich newspaper claimed responsibility for the bombing, announcing "we are the rightists from Bologna." The bomb explosion in Bologna station last month—caused by a similar bomb—killed 89 people.

Finally, the explosion carried none of the hallmarks of Left-wing terrorists, who have concentrated on kidnapping or murdering prominent citizens regarded as symbols of the Federal Republic.

Herr Gerold Tandler, the Bavarian Interior Minister, and Dr. Kurt Rebmann, the Chief Federal Prosecutor, said yesterday that the leader of the Hoffmann group, Herr Karl Heinz Hoffmann, had been arrested. Other members of the group driving three military surplus vehicles over the German border into Austria had been detained. But police are still searching for the men who actually detonated the bomb.

Violent

The motive for the bomb attack is still unclear. Both Herr Strauss and Chancellor Schmidt have said it must have been the act of madmen.

In general Left-wing terrorism in Germany has been aimed at provoking an authoritarian backlash—and thus, in the terrorist view, bringing the country closer to a revolution. Right-wing terrorists, however, would have no such aim. But like their Italian counterparts, they tend to increase their membership at times of political polarisation.

There are estimated to be about 400 members or supporters of the Hoffmann group, which this year has been operating largely underground. There have, however, been only a dozen or so violent Right-wing incidents over the past five years in Germany, none of them fatal.

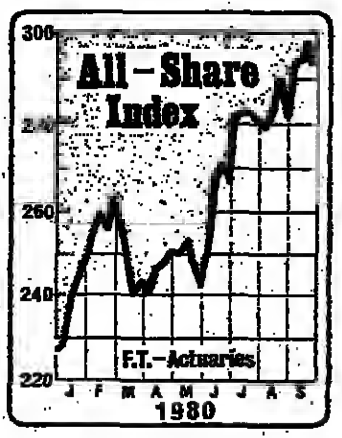
No threat to the state, Page 3

THE LEX COLUMN

Beta's lust for life

"Beta is dead," crowed the Institutional Investor a few months ago, claiming to have unearthed a crack in the very foundations of modern portfolio theory (MPT). In fact this appears to have been a case of a highly premature obituary. On this side of the Atlantic, of course, the debate is hardly so controversial: it is not a matter of beta being dead, more a question of whether it can be nursed into any sort of active life.

When the academics decided to apply statistical techniques to the stock market and to the management of investment portfolios, there was an obvious gulf to be bridged between campus and commerce. In the U.S. the academics were perhaps rather fortunate in that the ERISA legislation came along to concentrate the minds of pension fund administrators on their awesome responsibilities to beneficiaries. Technique for the measurement and management of risk found a receptive market.



Practitioners

A good deal of work in this area in the UK has been done by the London Business School. But it was interesting last week to find a new initiative coming from the Department of Economics in the University of Exeter, where the Esmée Fairbairn Centre for the study of unit and investment trusts staged a one-day conference on the theme of MPT and financial institutions. The aim was to bring together on an equal footing both academics and practitioners—the latter including representatives from unit and investment trusts, merchant banks, stockbrokers, life offices and pension funds.

An important theme was the internationalisation of portfolio investment, something that has become easily practicable for UK funds since the abolition of exchange controls (bearing in mind that the investment trusts have long offered high international exposure). Reduction of risk through overseas diversification is a key lesson of MPT, and it is now being followed up quite keenly by many U.S. funds.

Many UK pension funds and insurance companies are now aiming at an overseas content of around 15 per cent, and there is a trend towards unhedged exposure rather than the hedged approach using currency loans—which have been repaid on a very large scale in recent months. But if international investment flows become very large they will cause all the major markets to move more or less in line and thus paradoxically remove many of the theoretical benefits of diversification.

In general, though, the practitioners tended to be rather sceptical of the value of MPT. The life office actuaries, for instance, considered MPT to be just an interesting occasional tool—a bit like charts. But it could be argued that life offices are rather special in that performance measurement is less important even over quite long periods than actuarial arithmetic—though in the end, the level of bonuses on with profit policies must reflect the achievements of fund managers.

It is a pity that no paper was presented by a pension fund manager. Like life funds, pension funds are subject to long term actuarial assessment but they are not cushioned against liabilities in real terms and in practice their managers are usually subject to very close monitoring of performance.

As for unit trusts, short term performance is a crucial selling point, but it is important to know also the risk profiles of the trusts. Exeter University is pioneering here with the launch shortly of a risk/performance measurement service for UK unit trusts. It turns out that very few unit trusts have a beta coefficient (or exposure to overall market (fluctuations) greater than unity. Many have low betas, against the UK market.

Market timing

The data has been examined to see whether unit trusts are successful at market *timing*—in other words whether they raise their portfolio betas (by buying more volatile shares or reducing liquidity) when the market is low, and reduce betas again when the bull market peak is near. The conclusion is that betas on average actually move slightly the wrong way in bull and bear phases—perhaps only because high sales of units tend to push up liquidity in bull markets. On a risk-adjusted basis, however, performance actually improves during a bull market.

Investment trusts began in the last century by taking the high risk "B-road" with pioneer or frontier investment, but have since mostly switched to "A-road" investment in efficiently priced quoted investments. That they have failed to perform impressively is, perhaps, something that could have been predicted on the basis of MPT, though it is also due to quirks like the loss of the investment currency premium. Now, a number of them are moving back on to the B-road in search of inefficiently priced investments in areas like small companies and venture capital opportunities. Unfortunately, the investment trust representatives pointed out, MPT says nothing about how they can do this successfully. In the end they are forced back on good old fashioned judgment, of the kind that cannot be encapsulated in a computer program—at least, not yet.

Role of MPT

But although many of the fund managers were cautious about the role of MPT in their everyday activities, there was a general willingness to explore ideas. Meanwhile the academics were largely unimpressed by assaults on MPT such as that by the Institutional Investor, an attack which was seen as being both rather old—being based on three-year-old material—and rather confused.

It is agreed that there will be detailed flaws in risk analysis when betas are measured against a market proxy such as the All-Share Index because the proxy is unlikely to move precisely in line with the market as a whole. But it has yet to be shown that the errors are sufficiently large to render the analysis invalid. A theory does not have to be perfect to be useful.

This argument is put over strongly in a paper just produced by brokers Rowe Rudd, who are very active in the MPT field. They also point out that MPT is much more than just beta; in fact it is not one theory at all but a group of theories which are not necessarily mutually interdependent.

There is certainly scope for wondering if there is much sense in measuring betas against the All-Share Index when some other criterion for performance is used—an international or world index, for example. But theories are invented in order to be disproved. So long as American professors have access to money and computer terminals there is little danger that MPT will die.

Group of Ten cool over Third World call for monetary reform

BY JUREK MARTIN, PETER RIDDELL AND NICHOLAS COLCHESTER IN WASHINGTON

THE MAJOR industrial nations yesterday continued to look frostily at demands from the developing world for substantial reform of the monetary system and for a major expansion of the resources of the International Monetary Fund and World Bank.

This week's annual meeting of the fund and bank, which officially begins tomorrow, is expected to authorise modest steps to make more credit available on slightly easier terms.

But a communique issued after a meeting of the Group of Ten leading finance ministers on Saturday emphasised that "the basic character of fund lending should be preserved."

The meeting, preceded yesterday by a session of the IMF's policy-making interim committee, still has to resolve the thorny problem of the request by the Palestine Liberation Organisation (PLO).

The joint procedures committee is due to meet tonight under the chairmanship of Mr. Amir Jamal of Tanzania to try to forge a compromise. But it remains possible that the PLO's status will be raised on the floor of the annual meeting.

This week will also see the valedictory appearance of Mr. Robert McNamara after 12 years as president of the World Bank. In his formal speech he is expected to offer some prescription for the world's development needs in the last 20 years of this century.

Traditionally, the presidency has always been filled by an American, and though the current U.S. Administration has given no clues about whom it might propose, it is likely to sound out other nations on the succession this week.

But the principal focus of attention here remains the Third World's demands for structural reform. Tacitly admitting that its requirements were not likely to be met, Mr. Essang, the Nigerian Finance Minister, said yesterday that though the IMF was making progress, "it is moving too slowly."

What is being offered this week is a modest "food" facility to help the poorest countries build up food stocks and an interest rate subsidy account, to reduce the cost of borrowing from the IMF and financed through the gold-backed IMF Trust Fund.

Additionally, the meeting should ratify the precedent set in this year's loan to Turkey entitling a member nation to borrow up to 600 per cent of its quota over a three-year span, instead of 400 to 500 per cent.

Discussions will also centre on the size of a new allocation of special drawing rights (the IMF's own currency) beginning in 1982.

The developing nations are pushing for a larger distribution and received qualified support for their demand over the weekend in an IMF staff paper.

But no final agreement is anticipated on this subject in the next few days—nor is it thought likely that the Ministers will do more than authorise further study on the possibility of the IMF borrowing directly from the capital markets.

Yesterday's IMF interim committee meeting also focused on the general world economic outlook. The Group of Ten communique had noted "with concern" that no improvement in the outlook had occurred in the last six months.

IMF tortoise in a changing world, Page 13
Other reports, Page 3

Shell arm's £1.25bn deal with Saudis

BY OUR JEDDAH CORRESPONDENT

SAUDI ARABIA yesterday signed a contract worth 10bn Saudi riyals (£1.25bn) with Royal Dutch Shell's U.S. arm for part of the giant petrochemical complex at Jubail, on the Gulf coast north of Dammam.

The contract, the largest ever signed by the Saudi Basic Industries Corporation (SABIC), is a joint venture between SABIC and Pecten Arabia, which acts for Shell in the kingdom.

Each side will put up $400m (£166.4m) and the balance of the £1.25bn will be raised by borrowing.

Yesterday's agreement was signed in Riyadh by Shell representatives and Dr. Ghazi al-Gosaibi, the Saudi Minister for Industry and Electricity.

Jubail and the Red Sea complex at Yanbu are considered showpieces by the Saudi Government and vitally important in its attempt to expand out of basic oil products.

The Jubail project is by far the largest involving any Shell company in Saudi Arabia. The group is also due to sign a deal worth SR 5.1bn for an oil refinery, which will be a joint venture between Shell International and Petromin, the Saudi petroleum and minerals corporation.

Shell's Jubail project is due to come on *stream* in 1985. Annual output is planned at 656,000 tonnes of ethylene, 295,000 tonnes of styrene, 454,000 tonnes of ethylene dichloride, 281,000 tonnes of industrial ethanol, 377,000 tonnes of caustic soda, 333,000 tonnes of chlorine and 327,000 tonnes of benzene.

Dr. Abdul Al-Zamil, deputy governor of SABIC, said the complex "would make the Kingdom a real competitor in world markets. Industrialised countries either have no such resources of very limited ones."

He dismissed reports that the Saudis would sell below world market prices, saying that all output would go on the market at whatever prices prevailed.

The Jubail and Yanbu schemes are projected as the largest in the world once fully operational. The Shell project is much the largest of the petrochemical deals announced or under negotiation with American oil and chemical companies.

New plans for Bank shelved

By Peter Riddell in Washington

CONSERVATIVE PARTY pre-election proposals to give the Bank of England greater independence seem certain to be shelved for the indefinite future.

A change in the balance of influence over economic policy is expected by officials, following the monetary mess of the summer, when sterling M3, the broadly-defined money supply, jumped sharply after the end of the corset controls on the banks.

After an immediate heated inquest, conducted by the Prime Minister herself, personal relations at the highest level appear to have been more or less restored. There is general acceptance that a period of unhurried re-examination of monetary policy and controls is needed before decisions are taken later this autumn. One example of this is the seminar on possible changes in matters of monetary control being jointly undertaken by the Bank and Treasury today.

Governor's role

Nerves are, however, still raw among policy-makers. Senior advisers recognise that Mr. Gordon Richardson, the Governor of the Bank, will, at least for the time being, not enjoy the powerful, and occasionally predominant, say he has had on interest rate and monetary policy issues for the last three of four years. The Bank's advice seems certain to be scrutinised more closely and sceptically in the future.

The other result is that tentative moves towards giving the Bank more independence are likely to go no further. Further steps, such as giving the Bank greater day-to-day discretion in the conduct of monetary policy, also seem unlikely to go ahead.

Mrs. Thatcher given Gulf war briefing

MRS. MARGARET THATCHER, the Prime Minister, was given a special briefing yesterday to bring her up-to-date with developments in the Gulf War.

She was also told that Lord Carrington, the Foreign Secretary, is postponing his our of the Far East and returning to London. He was due to visit Tokyo and Peking.

The meeting, held at Chequers, was called to brief Mrs. Thatcher following her return from Yugoslavia.

Mr. David Howell, Energy Secretary, was called specially to the meeting to outline the effects of the conflict on *Britain's oil supplies.*

Also present were Sir Ian Gilmour, deputy Foreign Secretary, Mr. Francis Pym, Defence Secretary, and Mr. Douglas Hurd, a junior Foreign Office minister.

Although no details of the briefing were released, Mr. Pym is understood to have given an assessment of the military threat to the Straits of Hormuz through which pass much of the Western oil supplies from the Gulf.

The next scheduled Cabinet meeting at which the developments in the Middle East will be discussed will take place on Thursday.

Meanwhile, Mr. Hurd told Conservative Party workers in a speech that "we certainly favour and support the U.S. plan for a rapid deployment force outside the Gulf ready to move at the first sign of Soviet intervention."

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Zia truce mission

of other Gulf states.

The Iraqi army yesterday also continued its advance in the northern sector and said it had overrun the town of Gilan Gharb, 30 miles south-west of Qasr-e-Shirin which was taken last week.

In the south heavy fighting was again reported around the towns of Khorramshahr and Abadan. Hand-to-hand fighting was reported from one quarter of Khorramshahr, and at Abadan the oil refinery received further hits from artillery and aircraft.

Iran said its forces had badly mauled an Iraqi army column at Kermanshah in the northern sector, knocking out a number of tanks, and had another Iraqi force surrounded at Susangerd in the south.

Its air force again struck at targets in Baghdad on Saturday, and yesterday said it had bombed oil installations in Kirkuk and Mosul. A Syrian official in Damascus said that the oil pipeline from Kirkuk to Banias on the Mediterranean had ceased operating early on Saturday as a result of Iranian bombers.

Iraq has accused Syria of delivering military supplies to Iran, and with its oil terminals on the Gulf at least temporarily out of action will be watching the Damascus Government closely. Relations between Syria and Iraq have deteriorated seriously since the brief rapprochement last year.

President Hafez al-Asad of Syria is expected to visit Moscow shortly and officials in Damascus have been hinting that he will sign a Treaty of Friendship and Co-operation that could also involve Soviet troops being stationed in Syria.

An Iranian air raid on Saturday night appears to have inflicted heavy damage on the oil refinery storage tanks a few miles west of Basrah.

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Manifesto

issue this week will be on defence, but here the indications are that Mr. Callaghan will see a fiercely unilateralist resolution defeated by trade union block votes.

There is little doubt, however, that the party's rank-and-file activists are moving fast towards unilateral nuclear disarmament, and this could also develop before the next general election into a highly divisive internal issue.

The hopes of Mr. Callaghan and the Right of modifying the Left-ward stance of the National Executive Committee sank last night with the news that the AUEW, the second largest union, was not prepared to support the ousting of two Left-wingers from the women's section.

This means that Mr. Callaghan and the leadership will continue to face a Left-dominated NEC during the coming year.

Weather

UK TODAY

RAIN in N. and W., dry elsewhere.

London, S., S.E. and E. England, Midlands, Channel Isles

Mainly dry, sunny intervals. Max. 17-19C (63-66F).

S.W., N.W. and N. England, Wales

Bright start, rain later. Max. 15-17C (59-63F).

Lakes, I. of Man, N.E. England, S.W. Scotland, Glasgow, Borders, Edinburgh, Dundee, Aberdeen, N. Ireland

Cloudy, rain, heavy at times. Max. 13-15C (55-59F).

Rest of Scotland, Orkney, Shetland

Rain, heavy at times, becoming showery. S.W. gale. Max. 11-13C (52-55F).

Outlook: Rain in most areas.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	26	79	L. Plms.	F	25	77
Algiers	F	28	82	Lisbon	F	19	66
Amsdm.	F	20	68	Locarno	S	21	70
Athens	S	24	75	London	C	17	63
Bahrain	S	35	95	Luxmbg.	S	14	57
Barcina.	F	25	77	Luxor	F	38	100
Beirut	S	29	81	Madrid	F	20	68
Belfast	S	15	59	Majorca	F	27	81
Belgrd.	F	20	68	Malaga	R	21	70
Berlin	S	16	61	Malta	S	28	81
Biarritz	F	23	73	M'chstr	C	13	55
Bmghm.	C	13	55	Mslbne.	F	25	77
Blackpl.	S	16	61	Milan	S	21	70
Bordx.	F	24	75	Mntreal.	F	5	41
Boulgn.	F	20	68	Moscow	C	8	46
Bristol	C	13	55	Munich	C	12	54
Brussels	S	23	73	Nairobi	F	26	79
Budpst.	S	17	63	Naples	F	25	77
Cairo	S	31	88	Nwcstl.	S	15	59
Cardiff	C	13	56	N. York	S	12	54
Cas'b'ca	C	22	72	Nice	S	23	73
Cape T.	S	19	66	Nicosia	S	25	77
Cologne	S	18	64	Oporto	F	22	72
Cphgn.	C	14	57	Oslo	C	11	52
Corfu	F	24	75	Paris	S	23	73
Dublin	S	16	61	Perth	C	20	68
Dbrvnk.	F	21	70	Prague	S	16	61
Ednbgh.	S	16	61	Reykjvk.	C	8	46
Faro	C	18	64	Rhodes	S	25	77
Florence	S	25	77	Rome	S	25	77
Frankft	S	16	61	Salzbrg.	F	16	61
Funchal	F	21	70	Stckhm.	S	15	59
Geneva	F	18	64	Strasbg.	C	12	54
Gibrltr.	C	20	68	Sydney	S	16	61
Glasgow	R	15	59	Tangier	C	23	73
G'rnsey	C	16	61	Tel Aviv.	S	27	81
Helsinki	C	10	50	Tenerife	R	19	66
H. Kong	F	27	81	Tokyo	C	20	68
Innsbrk.	S	18	64	Tunis	F	30	86
Invrnss.	S	15	59	Valencia	F	26	79
I.o.Man	S	14	57	Venice	C	20	68
Istanbul	S	22	72	Vienna	S	17	63
Jersey	C	18	64	Warsaw	C	12	54
Jo'burg	F	18	64	Zurich	C	13	55

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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